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No. 95-

IN THE
Supreme Court of the United States
OCTOBER TERM, 1995

SUNAMERICA CORPORATION and
SUN LIFE INSURANCE COMPANY OF AMERICA,
Petitioners,

v.

SUN LIFE ASSURANCE COMPANY OF CANADA and
SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.),
Respondents.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Eleventh Circuit

PETITION FOR WRIT OF CERTIORARI

JOHN J. DALTON
MARK S. VANDERBROEK
MICHAEL D. HOBBS
LISA S. EDWARDS
TROUTMAN SANDERS LLP
NationsBank Plaza
600 Peachtree Street, N.E.
Suite 5200
Atlanta, GA 30308

Counsel for Petitioners SunAmerica Corporation and Sun Life Insurance Company of America

JEROME GILSON
Counsel of Record
BRINKS HOFER GILSON & LIONE
NBC Tower Suite 3600
455 N. Cityfront Plaza Drive
Chicago, IL 60611
(312) 321-4200

RONALD L. OLSON
BRADLEY PHILLIPS
STEVEN M. PERRY
MUNGER TOLLES & OLSON
355 South Grand Avenue
35th Floor
Los Angeles, CA 90071

WILSON - EPES PRINTING CO., INC. - 789-0096 - WASHINGTON, D.C. 20001

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QUESTION PRESENTED

May a court in a Lanham Act trademark infringement action apply a judicially-invented test of "inevitable confusion," which has no basis in the Lanham Act, to carve out an exception to the acquiescence defense added to the Act by Congress in 1988 and thereby to destroy trademark rights developed through decades of good faith use with the active encouragement of the claimant?

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Petition for a Writ of Certiorari to the United States Court of Appeals for the Eleventh Circuit

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PETITION FOR WRIT OF CERTIORARI

Petitioners SunAmerica Corporation (since merged into SunAmerica Inc.) and Sun Life Insurance Company of America ("Sun Life of America") (now known as "SunAmerica Life Insurance Company") (collectively, "SunAmerica")[1], respectfully pray that a writ of certiorari issue to review the judgment and opinion of the United

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[1] SunAmerica, Inc. has no parent corporation or non-wholly owned subsidiaries. SunAmerica, Inc. is the parent corporation of SunAmerica Life Insurance Company. *See* SUPREME COURT RULE 29.6

States Court of Appeals for the Eleventh Circuit in *Sun-America Corp. v. Sun Life Assurance Co. of Canada*, 77 F.3d 1325, *reh'g denied* (11th Cir. 1996) ("*Sun-America*"). Respondents Sun Life Assurance Company of Canada and Sun Life Assurance Company of Canada (U.S.) are referred to herein as "Sun Life of Canada."

OPINIONS BELOW

The opinion of the United States Court of Appeals for the Eleventh Circuit, issued on March 19, 1996, is published at 77 F.3d 1325. [Appendix hereto ("App.") at pages 1a to 44a.] The United States Court of Appeals for the Eleventh Circuit denied Petitioners' Petition for Rehearing and Suggestion of Rehearing En Banc without comment by Order dated May 14, 1996. [App. at 105a]. The decision of the United States District Court for the Northern District of Georgia from which Petitioner appealed to the Eleventh Circuit was issued on June 8, 1995 and modified on August 24, 1994, and has not been reported. [App. at 45a-52a and 53a-104a, respectively.]

JURISDICTION

The statutory basis for jurisdiction of the trial court was 15 U.S.C. § 1071, 28 U.S.C. § 1331 and 28 U.S.C. § 1338. Respondents appealed from the final order of the District Court to the United States Court of Appeals for the Eleventh Circuit pursuant to 28 U.S.C. § 1291. This Court's jurisdiction is invoked pursuant to 28 U.S.C. § 1254(1) which grants power to review all cases in the court of appeals.

STATUTES AND OTHER PROVISIONS INVOLVED

The statutes and other provisions involved in this case are set forth verbatim in the Appendix as follows:

> Lanham Act, 15 U.S.C. § 1051 *et seq.* [App. at 106a-166a].

STATEMENT OF THE CASE

This case arises out of a trademark infringement dispute in which the parties had used the names and marks SUN LIFE OF AMERICA and SUN LIFE OF CANADA concurrently for the better part of a century. The case was initiated by SunAmerica, because Sun Life of Canada had recently begun using the shortened marks SUN LIFE and SUN LIFE (U.S.), without any reference to the geographic modifier "of Canada." Such use was likely to cause confusion with the SUN LIFE OF AMERICA name and mark which SunAmerica and its corporate predecessors had used in good faith for over 70 years. In response, Sun Life of Canada brought trademark infringement counterclaims. Despite more than seven decades of concurrent trademark use, and despite Sun Life of Canada's active encouragement of SunAmerica's use of SUN LIFE OF AMERICA, Sun Life of Canada claimed under Section 43(a) of the Lanham Act that SunAmerica could not use the mark SUN LIFE in any form merely because Sun Life of Canada had initially used the SUN LIFE OF CANADA mark in the United States more than 90 years ago. [App. at 57a].

After discovery, both parties moved for summary judgment. On June 10, 1991, the District Court upheld SunAmerica's rights in its SUN LIFE OF AMERICA mark and name and permanently enjoined Sun Life of Canada's conflicting use of SUN LIFE (U.S.) without some form of the geographic modifier "of Canada." On a prior appeal, the Eleventh Circuit Court of Appeals held that the decision was premature at the summary judgment stage, and reversed and remanded for further proceedings.[2] [App. at 23a-44a].

A non-jury trial occurred in late 1993. On August 24, 1994, the District Court issued its Order. [App. at 53a-

[2] The prior opinion of the Eleventh Circuit addressing the summary judgment motion is attached as an Appendix to the March 19, 1996 opinion. [App. at 23a-44a].

104a]. The District Court found that Sun Life of Canada had enforceable rights in its SUN LIFE marks and that there was a likelihood of confusion between the marks SUN LIFE OF CANADA and SUN LIFE OF AMERICA. [App. at 84a-85a]. However, the District Court found that Sun Life of Canada had acquiesced in Sun Life of America's longstanding use of the SUN LIFE OF AMERICA mark because: (1) Sun Life of America had adopted and used its SUN LIFE OF AMERICA marks *in good faith* and without the intent of benefitting from Sun Life of Canada's goodwill [App. at 82 (emphasis added)]; (2) Sun Life of Canada had "*affirmatively consented* to Sun Life of America's use of 'Sun Life of America' " and had "*actively consented to and assisted* America' in establishing goodwill and commercial value in the Sun Life of America name" [App. at 87a (emphasis added)]; and (3) Sun Life of America had relied on Sun Life of Canada's conduct to its detriment in building up the "goodwill attributable to its long history of insurance and annuity sales under the 'Sun Life of America' mark." [App. at 89a].

It is settled law that a trademark claimant's acquiescence causes both parties' marks to "stand in parity" and bars the senior user's claim. [App. at 12a]. However, in *Coach House Restaurant, Inc. v. Coach and Six Restaurants, Inc.*, 934 F.2d 1551, 1564 (11th Cir. 1991), the Eleventh Circuit had, without Lanham Act support, invented for infringement actions a doctrine referred to as "inevitable confusion," which it held could override acquiescence and revive a senior user's claims. In reliance on *Coach House,* the District Court determined that the parties' concurrent use of their "Sun Life" marks created an "inevitability of confusion" between the marks [App. at 90a-92a], and that this finding automatically excused Sun Life of Canada's acquiescence and entitled Sun Life of Canada, as the initial senior user of the marks, to an injunction barring SunAmerica from all further use of the SUN LIFE OF AMERICA name and mark that it had used for 79 years. [App. at 92a].

On June 8, 1995, the District Court issued an order denying SunAmerica's motions for a stay pending appeal and for a new trial. [App. at 45a-52a]. This order directed that the complete injunction against SunAmerica's use of SUN LIFE marks would become fully effective in 45 days. [App. at 52a]. The Eleventh Circuit denied SunAmerica's motion for a stay pending appeal, but agreed to expedite the appeal.[8] [App. at 4a].

On March 19, 1996, a panel of the Eleventh Circuit agreed that, ordinarily, acquiescence estops the initial senior user's claims and causes the respective marks to "stand in parity." [App. at 12a]. However, it then held that (1) "inevitable confusion" revived Sun Life of Canada's claims from the estoppel normally resulting from acquiescence; and (2) thereafter, a district court must consider a range of remedial alternatives, but could impose a complete injunction against the junior user's use of its mark. [App. at 13a-15a]. The panel remanded to determine whether any alternatives to a complete injunction would eliminate inevitable confusion and held that, if not, the complete injunction entered against Sun Life of America's longstanding use of SUN LIFE OF AMERICA marks would be proper. [App. at 20a-22a].

In response to SunAmerica's arguments regarding the inapplicability of the "inevitable confusion" doctrine, the panel responded that:

> This argument is squarely foreclosed by our contrary holding in *Coach House*, 934 F.2d at 1564. *See, e.g., Davis v. Estelle*, 529 F.2d 437, 441 (5th Cir. 1976) (holding that "[o]ne panel of this Court cannot disregard the precedent set by a prior panel").

Id. at 1361. The Eleventh Circuit then denied Petitioner's Suggestion of Rehearing En Banc to determine this very

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[8] Sun Life of America changed its name to "SunAmerica Life Insurance Company" to comply with the District Court's injunction, pending appeal. [App. at 4a].

issue.[4] [App. at 105a]. Thus, by judicial fiat, the Eleventh Circuit has engrafted the doctrine of "inevitable confusion" onto the trademark infringement law of the Eleventh Circuit.

REASONS FOR GRANTING THE WRIT

I. INTRODUCTION.

The writ should be granted under Supreme Court rule 10.1(c) because the Eleventh Circuit in *SunAmerica* has decided an important question of federal trademark law in a way that conflicts with and undermines the Lanham Act, and which has not been, but should be, settled by this Court. If this Court permits an "inevitable confusion" doctrine to override acquiescence in trademark infringement actions, the express purpose of Congress' recent addition of the acquiescence defense to the Lanham Act will be frustrated, there will be an increase in trademark litigation, and no trademark will be safe from challenge no matter now how long it has been condoned without complaint.

In the Trademark Law Revision Act of 1988, Congress made comprehensive revisions to the Lanham Act and expressly made equitable defenses, "including laches, estoppel, and acquiescence," applicable in trademark infringement actions. 15 U.S.C. § 1115(b)(8). Congress did so because, without them, a plaintiff "would be able to delay bringing an action for many years with no excuse, while a defendant builds up his business under his mark, and prevail [in an infringement action]. This potentially harsh and unjust result . . . is unwarranted." *Hearing on S. 1883 Before the Subcommittee on Patents, Copyrights and Trademarks of the Senate Committee on the Judiciary*, 100th Cong., 2d Sess. 137-141 (1988), *originally*

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[4] The Eleventh Circuit also declined to clarify the standard for a finding of "inevitable confusion." [App. at 13a; 105a].

published in 77 T.M.R. 375 (1987) [App. at 176a-177a] (which served as the basis for Congress' amendments to the Act, S. Rep. No. 100-515, 100th Cong., 2d Sess., p. 1 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5579 [App. at 169a-170a]).

In *SunAmerica,* the Eleventh Circuit relied on its judicially-created doctrine of "inevitable confusion" to override more than 70 years of acquiescence and to sanction precisely the type of harsh, unjust and unwarranted result that Congress intended to avoid in adding equitable defenses to the Lanham Act. There is no basis whatsoever in the Lanham Act for application of an "inevitable confusion" doctrine in infringement actions. The Eleventh Circuit's action constitutes impermissible judicial legislation which violates the separation of powers, by (1) engrafting a new "super-confusion" standard onto the Lanham Act's likelihood of confusion test for trademark infringement; and (2) undermining the affirmative defenses of acquiescence and laches which Congress only recently added to the Lanham Act without mention of "inevitable confusion." If an "inevitable confusion" doctrine is to be added to the Lanham Act, it should be through Congressional debate and action, not by judicial fiat.

The "inevitable confusion" doctrine serves no purpose or public policy objective in trademark infringement cases. The public can always be protected from confusion between two marks, given the myriad of equitable options at the disposal of a federal court, including disclaimers, mutual restrictions on use of marks, and educational campaigns. Moreover, the doctrine harms the public by encouraging delay in enforcing trademark rights to the detriment of businesses and consumers, and by allowing senior users who have slept on their rights to usurp and misappropriate a competitor's longstanding goodwill. The present case is a prime example of the danger of a doctrine that can be used to destroy extremely valuable

property rights acquired through decades of good faith use with the express consent of a competitor.

Finally, the "inevitable confusion" doctrine is without support in any other circuit. The doctrine was inappropriately transplanted by the Eleventh Circuit from decisions of the Trademark Trial and Appeal Board, where it is used in administrative proceedings to determine whether a party may *register* a trademark. It is singularly ill-suited for application in injunction actions placing lengthy trademark *use* at risk. If this doctrine remains the law in the Eleventh Circuit and spreads to other circuits, every acquiescence or laches defense will be met by a claim of "inevitable confusion."

II. ADOPTION OF THE "INEVITABLE CONFUSION" DOCTRINE IN TRADEMARK INFRINGEMENT CASES IS IMPERMISSIBLE JUDICIAL LEGISLATION, WHICH CONFLICTS WITH AND UNDERMINES THE LANHAM ACT AND THE LEGISLATIVE HISTORY REGARDING THE 1988 AMENDMENTS.

Under the Lanham Act test, a trademark infringes when it is "likely to cause confusion, to cause mistake, or to deceive." 15 U.S.C. § 1114; *see* 15 U.S.C. § 1125(a). "Likelihood of confusion" is the basic test for both common law and federal statutory trademark infringement and for Lanham Act claims of false designation of origin. *See e.g., Two Pesos, Inc. v. Taco Cabana, Inc.,* 505 U.S. 763, 112 S. Ct. 2753, 2763 (1992) (Stevens, J., concurring); *McLean v. Fleming,* 96 U.S. 245, 24 L.Ed. 828 (1878); *AmBrit, Inc. v. Kraft, Inc.,* 812 F.2d 1531 (11th Cir. 1986).

For "acquiescence" to be found, a Court must conclude that: (1) the plaintiff actively represented that it would not assert a right or claim; (2) the delay between active representation and assertion of the right was not excusable; and (3) the delay has caused undue prejudice to the defendant. *Coach House,* 934 F.2d at 1558.

Where a senior user of a mark has acquiesced in a junior user's use of a similar mark, the parties have equal rights in marks which "stand in parity." *Sun-America,* 77 F.3d at 1334. [App. at 12a]. Thus, after acquiescence the senior user is generally estopped from contesting the junior user's use of a mark, and is denied equitable relief. *Id. See also Coach House,* 934 F.2d at 1564; *N.A.A.C.P. v. N.A.A.C.P. Legal Defense & Educational Fund, Inc.,* 753 F.2d 131, 137 (D.C. Cir. 1985), *cert. denied,* 472 U.S. 1021 (1985) (reversing an injunction against use of a mark, despite the existence of actual confusion, because the defendant had relied on the plaintiff's acquiescence to develop substantial goodwill in its mark through over 25 years of good faith use); *University of Pittsburgh v. Champion Products, Inc.,* 686 F.2d 1040, 1044-45 (3rd Cir. 1982); *Artcraft Novelties Corp. v. Baxter Lane Co.,* 685 F.2d 988, 990-91 (5th Cir. 1982); *Seven-Up Co. v. O-So-Grape Co.,* 283 F.2d 103, 106 (7th Cir. 1960), *cert. denied,* 365 U.S. 869 (1961) ("in many instances, the delay may be so prolonged and inexcusable that it would be inequitable to permit the plaintiff to seek injunctive relief as to future activities"); *Anheuser-Busch, Inc. v. Du Bois Brewing Co.,* 175 F.2d 370, 374 (3d Cir. 1949), *cert. denied,* 339 U.S. 934 (1950).[5]

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[5] Judge Learned Hand explained that trademark rights "must be asserted early, lest they be made the means of reaping a harvest which others have sown." *Dwinnell-Wright Co. v. White House Milk Co.,* 132 F.2d 822, 825 (2nd Cir. 1943). In *Dwinnell-White,* Judge Hand refused to enjoin a junior user of a mark where the senior user had "merely stood aside [for 16 years] and watched the [junior user's] business grow at great cost to colossal proportions. . . . What equity [the senior user] can have the hardihood now to assert; how it can expect to stifle a competition which with complete compliance, and even with active encouragement, it has allowed for years to grow like the mustard tree; why we should destroy a huge business built up with its connivance and consent; this we find impossible to understand." *Id.*

In 1988, the Lanham Act was amended expressly to allow the assertion of equitable defenses to a trademark infringement claim, including the equitable defenses of "laches, estoppel, and acquiescence." 15 U.S.C. § 1115 (b)(8).[6] A half century old, the Lanham Act is rarely amended, and then only after intensive deliberation. For example, the comprehensive Trademark Law Revision Act of 1988 was "based on the results of an extensive study conducted by the U.S. Trademark Association's Review Commission, [and] was the product of more than two years of analysis, debate and consensus-building by trademark owners, attorneys, and other private sector experts." S. Rep. No. 100-515, 100th Cong., 2d Sess., p.1 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5578 [App. at 169a]. *See Qualitex Co. v. Jacobson Prods. Co., Inc.*, —— U.S. ——, 115 S.Ct. 1300, 1307 (1995); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 112 S.Ct. 2753, 2757 n.7 (1992).

The impetus for adding Section 1115(b)(8) arose out of a conflict in the courts as to whether equitable defenses such as laches or acquiescence were foreclosed in infringement cases in which a plaintiff owned a trademark registration that had become incontestable under 15 U.S.C. § 1065. S. Rep. No. 515, 100th Cong., 2d Sess. p. 1, 667 (1988) *reprinted in* 1988 U.S.C.C.A.N. 5577, 5601. [App. at 171a-173a]. By adopting Section 1115 (b)(8), Congress explicitly determined that these equitable defenses should be available in all trademark infringement cases. As explained in the report prepared by the United States Trademark Association Review Commission ("TRC"), which "served as the basis for the in-

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[6] Laches is a similar defense to acquiescence, with the prinicpal difference being that "laches denotes passive consent and acquiescence denotes active consent." *Coach House*, 934 F.2d at 1558. "The distinction may be significant because in a general case a party who is guilty of active consent may be found *less* deserving of relief than a party guilty of mere passive consent." *Coach House*, 934 F.2d at 1558 n.17 (emphasis added).

troduction of S. 1883" (S. Rep. 100-515, 100th Cong., 2d Sess. p. 1 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5579 [App. at 169a-170a]):

> Equity is the cornerstone of trademark jurisprudence. Trademark owners seek injunctions in virtually every trademark case, and they depend heavily on equitable remedies to protect their interests. Equitable defenses are as much a part of the injunctive process as irreparable harm and the inadequacy of legal remedies. *Without them the owner of an incontestable registration would be able to delay bringing an action for many years with no excuse, while a defendant builds up his business under his mark, and prevail. This potentially harsh and unjust result . . . is unwarranted.*

Hearing on S. 1883 Before the Subcommittee on Patents, Copyrights and Trademarks of the Senate Committee on the Judiciary, 100th Cong., 2d Sess. 137-141 (1988), *originally printed in* 77 T.M.R. 375 (1987) (emphasis added) [App. at 176a-177a]. Thus, Congress added the equitable defenses set forth in Section 1115(b)(8) to protect the public and businesses against harsh results and to mandate promptness in bringing trademark infringement claims. It could have added language such as, "except in cases where there is inevitable confusion," but it did not. *See Qualitex*, 115 S.Ct. at 1308 (Congress elected not to amend Lanham Act in 1988 to delete color as protectable designation).

No one has suggested that the Lanham Act be amended to include an "inevitable confusion" doctrine that would trump equitable defenses or supplant the "likelihood of confusion" test. Such a doctrine is not mentioned in the Lanham Act, and is not once mentioned in the legislative history to the 1988 Lanham Act amendments. In fact, the "inevitable confusion" doctrine is contrary to and undermines the stated Congressional intent of 1988. For example, in the present case the inevitable confusion doctrine allows a court to disregard the seventy-nine years of

goodwill established by a junior user's good faith use of a mark with the express acquiescence of a senior user, and creates exactly the "harsh and unjust result" feared by Congress. Nearly a century after adopting a mark, the owner of a mark must still fear the threat of being completely enjoined from using that mark, even if the potential plaintiff has encouraged and supported the mark's use.

In *Qualitex*, this Court addressed whether color is protectable as a trademark under the Lanham Act. The Court relied on the legislative history of the 1988 Lanham Act amendments to conclude that, because Congress made no changes to 15 U.S.C. § 1127 (which included language that covered use of color as a trademark), color could be protected as a trademark. 115 S.Ct. at 1308. Similarly, the legislative history regarding 15 U.S.C. § 1115(b)(8) is clear. Congress added the affirmative defenses set forth therein to prevent parties from sitting on their rights while a defendant invested significant time and goodwill in development of a mark to identify its business.

Efforts by the courts to usurp the powers of Congress and redefine laws duly enacted are an intrusion upon the fundamental principle of separation of powers. *See F.T.C. v. Mandel Bros., Inc.*, 359 U.S. 385, 390 (1959) (the refashioning of a law is an undertaking "more consonant with the task of a congressional committee than with judicial construction"). Indeed, this Court has long held that "[t]he responsibility of this Court . . . is to construe and enforce the Constitution and laws of the land as they are and not to legislate social policy on the basis of our own personal inclinations." *Evans v. Abney*, 396 U.S. 435, 447 (1970). The Eleventh Circuit's application of the doctrine of inevitable confusion does just what this Court has decried: it legislates social policy by (1) establishing an exception to equitable defenses in the face of a statute that does not include one; and (2) in cases where there has been laches or acquiescence, supplanting

the statutory likelihood of confusion test with a "super-confusion" standard of "inevitable confusion."[7] This is for Congress, not the courts, to decide. As this Court has repeatedly stated, "[We] are not at liberty to create an exception where Congress has declined to do so." *Freytag v. C.I.R.*, 501 U.S. 868, 874 (1991) (citing *Hallstrom v. Tillamook County*, 493 U.S. 20, 27 (1989)).

The potential results of "inevitable confusion" are completely unprecedented. Prior to *SunAmerica*, in the history of United States trademark law there had *never* been a reported case in which a party had adopted and used a mark in good faith, for an extraordinary period of time (79 years in this case), developed extensive goodwill, consumer identification and commercial value in the name, *all in reliance on the acknowledged and admitted acquiescence and active consent and assistance of the opposing party*, and then been completely enjoined from using that mark forever. Nor had there been a reported case in which a court relied upon the concept of "inevitable confusion" to enjoin a party's *use* of a mark (rather than registration of a mark) after longstanding acquiescence.[8] Yet, the Eleventh Circuit has now sanctioned this exact result.

Only four years ago, in the *Two Pesos* decision, this Court examined the Lanham Act statutory language and

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[7] The Eleventh Circuit has also left future parties and district courts at a loss for determining when "inevitable confusion" may exist. It has merely stated that: "[d]ue to the fact-intensive nature of the inquiry, "inevitable confusion" does not lend itself to a formulaic, mechanical definition. For present purposes, it is sufficient to note that "the standard of confusion required for a finding of inevitably of confusion is an *increment higher than that required for a finding of a likelihood of confusion.*" *SunAmerica* at 1334 n.3, *citing Coach House*, 934 F.2d at 1564 (emphasis added) [App. at 13a].

[8] In *Coach House*, the Eleventh Circuit merely remanded to the district court to determine whether there was "inevitable confusion." 934 F.2d at 1564.

the case history related to trade dress infringement and then warned that, "[e]ngrafting onto § 43(a) a requirement of secondary meaning for inherently distinctive trade dress also would undermine the purposes of the Lanham Act." 112 S.Ct. at 2760. Similarly, engrafting the doctrine of inevitable confusion into federal trademark infringement law, when Congress only just amended the Lanham Act to include the equitable defenses of laches and acquiescence, is egregious judicial legislation which should be corrected before it further undermines the purpose of the Lanham Act.

III. THE "INEVITABLE CONFUSION" DOCTRINE IS WITHOUT SUPPORT IN THE COMMON LAW AND IS BAD POLICY WHICH WILL HARM THE PUBLIC INTEREST.

The Eleventh Circuit is the only court to date that has applied the doctrine of "inevitable confusion" in a reported trademark infringement case.[9]

The Eleventh Circuit's inappropriate adoption of the inevitable confusion doctrine can be traced to the 1991 *Coach House* opinion. Therein, the panel affirmed the district court's ruling that the plaintiff had acquiesced in the defendant's use of the mark, which generally would estop an infringement claim. 934 F.2d at 1564. However, the Court then borrowed a doctrine previously applied only in Patent and Trademark Office Trademark Trial and Appeal Board ("TTAB") administrative trade-

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[9] Several court opinions have used words such as "inevitable confusion" to factually describe a situation in which there was a substantial likelihood of confusion between two marks, without applying the oncept of "inevitable confusion" set forth in *Coach House* or *SunAmerica* or even discussing acquiescence by the senior user. *See, e.g., A. E. Staley Mfg. Co. v. Staley Milling Co.*, 253 F.2d 269 (7th Cir.), *cert. denied*, 357 U.S. 926 (1958); *United States Jaycees v. San Francisco Junior Chamber of Commerce*, 354 F. Supp. 61 (N.D. Cal. 1972), *aff'd*, 513 F.2d 1226 (9th Cir. 1975).

mark *registration* proceedings, and stated, without any analysis, that "if there is an inevitability of confusion, petitioner's lawsuit may be revived from estoppel." *Id.*[10]

In *SunAmerica*, the Eleventh Circuit declined to revisit the appropriateness of applying the inevitable confusion doctrine in an infringement case. [App. at 12a; 105a]. Worse yet, the Eleventh Circuit sanctioned use of this doctrine to completely enjoin use of a mark after 79 years of good faith use with acquiescence. [App. at 12a].

The history of "inevitable confusion" does not lie in federal trademark infringement law. Rather, it was developed based on the interplay between Sections 2(d) and 19 of the Lanham Act, 15 U.S.C. §§ 1052(d), 1069 (which apply only in the trademark registration context), as a rule of administrative convenience to be applied in trademark registration proceedings before the TTAB. *Chun King Corp. v. Genii Plant Line, Inc.*, 403 F.2d 274 (C.C.P.A. 1968). *See Ultra-White Co. v. Johnson Chem. Indus., Inc.*, 465 F.2d 891, 893 (C.C.P.A. 1972). As applied by the TTAB in an inter partes registration determination, following a finding of laches or acquiescence a junior user of a mark may nevertheless be foreclosed from federal registration of its mark if the TTAB concludes, based on a review of the two marks, that the potential for confusion between the marks is "inevitable." *See Ultra-White Co.*, 465 F.2d at 893. This doctrine represents a determination of the TTAB that the Trademark Register should not recognize and grant *registration* to two marks that are "inevitably" confusing, even though the junior user's mark could continue to be used because

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[10] The *Coach House* opinion was written by Judge Edward F. Smith, a senior circuit judge from the Federal Circuit Court of Appeals (formerly the Court of Customs and Patent Appeals ("CCPA")), which hears all appeals arising from TTAB decisions not appealed to federal district courts. *Coach House* involved claims for both cancellation of a federal trademark registration and trademark infringement.

of the senior user's acquiescence or laches. *See id.* at 894 (Rich, C.J., dissenting).

The *only* precedent cited by the *Coach House* panel in support of its adoption of the "inevitable confusion" doctrine in an infringement claim was a TTAB decision involving the right to register a mark, *Iodent Chemical Co. v. Dart Drug Corp.*, 207 U.S.P.Q. 602, 606 07 (TTAB 1980) (finding "blatant" acquiescence and no inevitable confusion). In *Iodent*, the TTAB stated, in dicta, that laches and acquiescence would not preclude a challenge to registration or use of a junior user's mark if confusion between the marks "is inevitable." *Id.* It cited to eight cases that, it claimed, supported application of the "inevitable confusion" doctrine. Five of these cases, including *Ultra-White*, were appeals to the CCPA involving trademark *registration* disputes, not infringement actions. Of the three trademark infringement cases cited by the *Iodent* Board, two were 19th century, pre-Lanham Act Supreme Court opinions, *Menendez v. Holt*, 128 U.S. 514 (1888), and *McLean v. Fleming*, 96 U.S. 245 (1878), neither of which discusses "inevitable confusion" and neither of which involved acquiescence. The other case, *Food Fair Stores, Inc. v. Lakeland Grocery Corp.*, 301 F.2d 156 (4th Cir. 1962), was decided under Virginia law, not federal law, contains no discussion of "inevitable confusion," and merely stands for the proposition that five years of delay by a plaintiff, where the plaintiff had from the outset protested the defendant's use of a mark, would not bar injunctive relief.

In addition, each of the three civil cases cited in *Iodent* involved a junior user's intentional copying or bad faith use of a trademark. *See Menendez*, 128 U.S. at 517; *McLean*, 96 U.S. at 830-31; *Food Fair*, 301 F.2d at 163. Subsequent cases have emphasized this limitation on the use of *McLean* and *Menendez* as precedent. In discussing the *Menendez/McLean* line of cases, the Supreme Court in *United Drug Co. v. Rectanus Co.*, 248 U.S. 90, 102 (1918) stated that:

> They exemplified the rule that, where the proof of infringement is clear, a court of equity will not ordinarily refuse an injunction for the future protection of the proprietor of a trademark right, even when acquiescence and laches have been such as to disentitle him to an accounting for the past profits of the infringer. *The rule finds appropriate application in cases of conscious infringement or fraudulent imitation* . . . but it has no pertinency to such a state of facts as we are now dealing with [involving good faith adoption and use of a mark].

(emphasis added). *See also La Republique Francaise v. Saratoga Vichy Spring Co.*, 191 U.S. 427 (1903); *Prudential Ins. Co. v. Gibraltar Financial Corp.*, 694 F.2d 1150, 1152 (9th Cir. 1982); *Safeway Stores, Inc. v. Safeway Quality Foods, Inc.*, 433 F.2d 99, 103 (7th Cir. 1970). Thus, the *McLean/Menendez* decisions confirm only the unremarkable principle that a defendant with unclean hands may not use equitable defenses as a shield for inequitable conduct.[11] In the present case, the district court expressly found that SunAmerica had adopted and used its SUN LIFE OF AMERICA mark in good faith, and that Sun Life of Canada had acquiesced. [App. at 12a]. Therefore, cases such as *McLean* and *Menendez* are inapposite.

Quite simply, the doctrine of "inevitable confusion" is singularly inappropriate in trademark infringement cases. There is a substantial difference between administratively denying federal *registration* of a mark based on "inevitable confusion," and the much more significant issue of denying a party's right to *use* a mark. As one authority notes:

> It is one thing for the Patent and Trademark Office to tell an applicant that he may not have a registra-

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[11] Moreover, *McLean* and *Menendez* were both decided long before the Lanham Act was even adopted, let alone amended. As stated by this Court in *Qualitex*, "the 1946 Lanham Act embodied crucial legal changes." 115 S.Ct. at 1308.

> tion, even if he has already invested a lot of money in his use of the mark, because all he loses is the benefit of the presumptions and procedural advantages which accompany registration. . . . *It is a far more serious matter for a court to tell a defendant that he may no longer use his mark as a result of an injunction.*

4A Callman, UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES, § 25.39, at 288 (4th ed. 1996) (citing *Jim Beam Brands Co. v. Beamish & Crawford, Ltd.*, 937 F.2d 729, 737 (2d Cir. 1991), *cert. denied*, 502 U.S. 1094 (1992)) (emphasis added). In fact, the dissent in *Ultra-White* expressly recognized that although the majority's decision would deny registration of a mark based on "inevitable" confusion between the two marks, the junior user still would be able to use the mark in commerce. 465 F.2d at 894 (Rich, J., dissenting).

Moreover, an "inevitable confusion" doctrine is not necessary to protect the public from any confusion that might occur after acquiescence, given the substantial differences between the narrow authority of the TTAB and the broad equitable powers of United States District Courts. Unlike determinations made by the TTAB in a registration context, in which the only options generally available are either to allow or to deny registration of a mark, *see* 15 U.S.C. §§ 1063, 1064, 1068, a court sitting in equity has available to it a broad array of techniques for balancing the rights of the parties and the public, and for crafting qualified, mutual injunctive relief to insure that confusion is *not* "inevitable."[12] Because acquiescence results in the parties having equal rights in marks that stand in parity, if any injunctive relief is to be entered after acquiescence, it must be mutual and

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[12] WEBSTER'S NEW TWENTIETH CENTURY DICTIONARY, 936 (2d ed. 1976) defines "inevitable" as "cannot be avoided or evaded; certain to happen." Given the panoply of options available to an equity court to condition and restrict the use of marks, public confusion will rarely, if ever, be certain to happen.

limited relief that still allows both parties to make use of their respective marks. *See AMF Inc. v. SleekCraft Boats*, 599 F.2d 341 (9th Cir. 1979) (despite finding of confusion, court ordered limited, tailored injunction that permitted junior user to continue use); *Chase Federal Savings & Loan Asso. v. Chase Manhattan Financial Services, Inc.*, 681 F. Supp. 771, 778 (S.D. Fla. 1987) (without considering or mentioning "inevitable confusion," the court crafted equitable relief in which, after 50 years of acquiescence, each party was required to use its name coupled with a distinctive logo and other limitations).

Finally, the inevitable confusion doctrine, if it becomes the law in infringement cases, is bad policy that will *harm* the public interest. It will encourage delay in enforcing trademark rights, to the detriment of businesses and the consuming public. It will erode and undermine the equitable defenses of laches and acquiescence, by creating an exception to those defenses where none exists in the Lanham Act. It will allow senior users who have slept on their rights to usurp and misappropriate a competitor's goodwill developed through longstanding use of a mark without complaint. In fact, it will provide an incentive for senior users to take steps to *create* "inevitable confusion," in an attempt to revive their rights and thereby destroy a competitor's goodwill.

If this doctrine spreads to other circuits, it will cause an increase in filings of trademark infringement cases that otherwise would have been barred by laches or acquiescence, and will reward delay and procrastination on the part of businesses with claims of infringement. Every time a defense of laches or acquiescence is asserted, it will be met by a claim of "inevitable confusion." Businesses that have developed tremendous goodwill in names and marks used in good faith for decades will find those marks under attack and be at risk of losing their

goodwill.[13] If such a policy is to be legislated, it must be legislated by Congress, not by the courts.

CONCLUSION

For the foregoing reasons, Petitioners SunAmerica Corporation and Sun Life of America respectfully request that the Supreme Court grant certiorari in this case.

Respectfully submitted,

JOHN J. DALTON
MARK S. VANDERBROEK
MICHAEL D. HOBBS
LISA S. EDWARDS
TROUTMAN SANDERS LLP
NationsBank Plaza
600 Peachtree Street, N.E.
Suite 5200
Atlanta, GA 30308

Counsel for Petitioners SunAmerica Corporation and Sun Life Insurance Company of America

JEROME GILSON
Counsel of Record
BRINKS HOFER GILSON & LIONE
NBC Tower Suite 3600
455 N. Cityfront Plaza Drive
Chicago, IL 60611
(312) 321-4200

RONALD L. OLSON
BRADLEY PHILLIPS
STEVEN M. PERRY
MUNGER TOLLES & OLSON
355 South Grand Avenue
35th Floor
Los Angeles, CA 90071

Dated: June 17, 1996

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[13] This risk is particularly acute in industries such as banking and insurance, "where common words such as National, Mutual, United, American, Fidelity, Union, and Heritage appear in numerous trade names" that have been used for decades. *See* 1 J. Gilson, TRADEMARK PROTECTION & PRACTICE, § 2.15 [1] at 2-184 n.13 (1996).

APPENDICES

APPENDIX A

UNITED STATES COURT OF APPEALS
ELEVENTH CIRCUIT

No. 95-8751

SUNAMERICA CORPORATION, a Delaware Corporation, f/k/a SUN LIFE GROUP OF AMERICA, SUN LIFE INSURANCE COMPANY OF AMERICA, a Maryland Corporation,

Plaintiffs-Counterdefendants-Appellants,

v.

SUN LIFE ASSURANCE COMPANY OF CANADA, a Canadian Corporation, SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.), a Delaware Corporation,

Defendants-Counterclaimants-Appellees.

Appeal from the United States District Court
for the Northern District of Georgia

March 19, 1996

Before DUBINA and CARNES, Circuit Judges, and MILLS *, District Judge.

CARNES, Circuit Judge:

This trademark case concerns a dispute between two insurance companies over the right to use the mark SUN

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* Honorable Richard Mills, U.S. District Judge for the Central District of Illinois, sitting by designation.

LIFE. The plaintiffs are SunAmerica Corporation and its wholly-owned subsidiary, Sun Life Insurance Company of America ("Sun Life of America") (collectively, "SunAmerica"). The defendants are Sun Life Assurance Company of Canada and its subsidiary, Sun Life Assurance Company of Canada (U.S.) (collectively, "Sun Life of Canada"). SunAmerica appeals from a judgment entered in favor of Sun Life of Canada on a counterclaim it brought against SunAmerica. The district court's judgment permanently enjoined SunAmerica from further use of any SUN LIFE mark.

Although Sun Life of Canada is the senior user of the Sun LIFE mark, it acquiesced in SunAmerica's use of the mark. That acquiescence would estop Sun Life of Canada from asserting its counterclaim, were it not for the existence of "inevitable confusion" in the marketplace. The existence of inevitable confusion operates to revive a senior user's claim that is otherwise estopped by acquiescence. However, we hold in this opinion that where such revival occurs, the district court must consider the feasibility and efficacy of relief other than a complete injunction against the junior user. Because the district court's order is ambiguous as to whether it adequately considered the feasibility and efficacy of alternative forms of relief, we remand the case for further proceedings.

I. BACKGROUND FACTS AND PROCEDURAL HISTORY

In June 1989, SunAmerica brought federal unfair competition and trademark infringement claims, and related state law claims, against Sun Life of Canada, alleging that Sun Life of Canada's use of the marks SUN LIFE (U.S.) and SUN LIFE, without any reference to the geographic modifier "of Canada," was causing unacceptable marketplace confusion. In response, Sun Life of Canada counterclaimed against SunAmerica for trademark infringement, seeking to enjoin SunAmerica from

all use of the SUN LIFE mark. Both parties moved for summary judgment.

The district court found confusing similarity between the parties' marks. In particular, the district court found that the mark SUN LIFE (U.S.) was likely to be confused with the mark SUN LIFE OF AMERICA. Accordingly, the district court permanently enjoined Sun Life of Canada from using the mark SUN LIFE (U.S.) without some form of the geographic modifier "of Canada." Sun Life of Canada appealed.

On appeal, in a brief per curiam opinion, this Court held that the district court had erred by entering a permanent injunction without first resolving Sun Life of Canada's counterclaim. We vacated the permanent injunction issued by the district court and remanded the case for consideration of that counterclaim. *SunAmerica v. Sun Life Assurance Co.*, 24 U.S.P.Q.2d 1505, 1506 (11th Cir.1992) (hereinafter "*SunAmerica I*"). In a concurring opinion, Judge Birch provided not only a thorough summary of the facts and procedural history of the case through that stage, but also a detailed analytical framework to guide the parties and the district court on remand. *Id.* at 1506-13, 974 F.2d 1348 (Birch, J., concurring). We adopt Judge Birch's concurring opinion in its entirety as our statement of the facts and procedural history up through the time of the *SunAmerica I* decision. We also adopt as the law of the circuit his opinion's pronouncements about the relevant law. Because Judge Birch's concurring opinion in *SunAmerica I* has not previously been published in the Federal Reporter system, we attach that opinion and the per curiam opinion it accompanied, as an appendix to this opinion, *infra* pp. 1339-48.

On remand after *SunAmerica I*, the district court found that Sun Life of Canada had enforceable rights in its SUN LIFE marks and that a likelihood of confusion existed between the names SUN LIFE OF AMERICA

and SUN LIFE OF CANADA. The district court also found, however, that Sun Life of Canada had acquiesced to SunAmerica's use of its allegedly infringing marks. Such acquiescence operates to estop a senior user's trademark claim against a junior user's use of the mark unless there is inevitable confusion between the marks. *Coach House Restaurant v. Coach and Six Restaurants,* 934 F.2d 1551, 1564 (11th Cir.1991). Applying that standard to the facts, the district court found that inevitable confusion existed betwen the parties' names and that this inevitable confusion revived Sun Life of Canada's trademark rights. Accordingly, the district court permanently enjoined SunAmerica from any further use of the SUN LIFE mark.[1]

SunAmerica filed motions to alter or amend the judgment, to stay the judgment pending appeal, and for a new trial. The district court denied these motions, and SunAmerica filed with this Court an Emergency Motion to Stay Injunction Pending Appeal and to Expedite Appeal. We denied the motion to stay, but granted the motion to expedite the appeal. While the appeal was pending, SunAmerica complied with the injunction by changing the name of Sun Life of America to "SunAmerica Life Insurance Company."

II. WHETHER THIS APPEAL SHOULD BE DISMISSED AS MOOT

A. The Estoppel Issue

In support of its motion to stay the injunction pending appeal, SunAmerica repeatedly represented to the district court that if it complied with the district court's injunction by changing its name from Sun Life Insurance Company of America, it would be impossible, from both a

[1] The district court also enjoined SunAmerica from further use of SUN FINANCIAL SERVICES, but SunAmerica does not appeal that aspect of the injunction.

commercial and regulatory standpoint, to later revert back to that name if SunAmerica prevailed on appeal. For example, SunAmerica's senior vice-president and general counsel stated in an affidavit that once a name change had been implemented, the change would be "essentially irreversible" and that reverting back to the prior name would be "commercially impossible." SunAmerica's counsel made numerous representations to the district court to the effect that "[e]ven if Sun Life of America were to prevail on appeal, it could not revert, either as a legal or practical matter, to its Sun Life of America name," and that "to deny a stay is to effectively deny any appellate relief." The district court rejected this argument and denied SunAmerica's motion for a stay, finding that a name change could be reversed if SunAmerica prevailed on appeal.

Echoing its refrain from the district court, SunAmerica made repeated representations to this Court, in connection with its emergency motion to stay, that compliance with the district court's injunction would "effectively moot and deny appellate rights and relief." SunAmerica made no fewer than eight such representations in its Emergency Motion to Stay Injunction Pending Appeal and to Expedite Appeal, including, for example, the following statements:

> (1) [I]mplementing a name change is irreversible and would effectively moot Appellants' right of appeal.
>
> (2) [O]nce [SunAmerica] begins to implement a name change, as a matter of commercial practicality it cannot reverse it. It will have lost . . . its right to an appeal.
>
> (3) [U]nless its initiation of the [compliance] process is stayed pending appeal, . . . Sun Life of America's right of appeal will be a nullity.

A panel of this Court nonetheless denied SunAmerica's motion for a stay pending appeal, and SunAmerica has complied with the injunction by changing its name.

The vigor with which SunAmerica argued that the name change would moot this appeal is matched only by the vigor with which it now argues, having been forced to change its name, that the appeal is not moot after all. The same corporation and attorneys who unequivocally represented to the district court and this Court that a name change would be irreversible "as a matter of commercial practicality," now just as unequivocally represent to this Court that the practical effects of the name change are, in fact, reversible. Such a sea change in factual representations prompted us to ask SunAmerica's counsel at oral argument which of their statements were false: the ones they made while seeking a stay, or the ones they made after the stay was denied.

The essence of counsel's response was that the representations were not really inconsistent because, even if it were commercially impractical for SunAmerica to "officially" revert back to its former name, relief from the injunction would permit SunAmerica to make other beneficial use of the SUN LIFE mark, such as using the mark in connection with a subsidiary created to market insurance products that the marketplace already associated with the Sun Life of America name. Therefore, reasoned counsel, the name change did not moot this appeal. Of course, SunAmerica was careful to omit any mention of the possibility of subsidiary use of the mark when it was insisting that a name change would moot this appeal. SunAmerica's representations to the district court and this Court that the name change would be irreversible *and* as a result its appeal would be moot necessarily carried with them a representation that, absent a stay, no relief would be available to SunAmerica if it prevailed on appeal. Or, as SunAmerica put it, unless the name change was stayed its "right of appeal [would] be a nullity."

Either an appeal is mooted by a particular event or it is not. Whether a particular event moots an appeal does not change depending upon whether a party wishes that event to occur. Here, SunAmerica made a clear factual representation, backed up with affidavits, that a name change would moot this case, but now unabashedly makes the opposite factual representation. Attorneys should not, in the guise of "effective advocacy," make, or participate in making, factual representations to courts that are not true. If a party represents to the court that the opposite of what he previously has represented about a factual matter is true, he owes the court a satisfactory explanation for the contradictory representations. This is especially the case where, as here, the factual matters being represented (or misrepresented) are particularly within the knowledge of the parties whose attorneys are making the representations.

The type of tactics SunAmerica's counsel have employed in this case invite us to fashion a doctrine that would estop SunAmerica from asserting at this stage of the appeal the opposite of what it had asserted earlier. In other words, we could hold that because SunAmerica repeatedly represented to the district court and to this Court that a name change would be irreversible and would moot this appeal, it is now estopped from denying that fact. We decline to dispose of this case on that ground for two reasons. First, we have not previously put parties and their counsel on notice of such a doctrine, at least not in the context of mootness questions. We do so now. All future parties and their counsel are on notice that if they make factual representations in the district court or in this Court that denial of a stay will moot the appeal, they may be estopped from arguing after the stay is denied that the appeal is not moot.[2] The second

[2] SunAmerica argued to this Court that if we were to hold that this case is moot, we would be under a duty to vacate the judgment and injunctive orders of the district court under the princi-

reason that we will not hold that SunAmerica is equitably estopped from denying that the name change is irreversible and the case is moot is that the district court expressly found to the contrary. In denying the motion for stay pending appeal, the district court rejected SunAmerica's representations and found as a fact that a name change would not be irreversible. In other words, the district court was not fooled. The outcome of the estoppel analysis could well be different in a future case where there is no express factfinding contrary to the representation in question.

B. Traditional Mootness Analysis

Having decided not to bar SunAmerica's present position on the mootness issue, we must now decide, using traditional doctrine, whether the case became moot when SunAmerica complied with the district court's injunction by changing the name of Sun Life Insurance Company of America. We conclude that it did not, because this

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ples of *United States v. Munsingwear, Inc.*, 340 U.S. 36, 39, 71 S.Ct. 104, 106, 95 L.Ed. 36 (1950) (noting the "established practice" of vacating judgments in moot cases). Because we decline to dismiss SunAmerica's appeal as moot on equitable principles, it is unnecessary for us to resolve definitively this question. We do note, however, that vacatur is an equitable remedy. *E.g., U.S. Bancorp Mortgage Co. v. Bonner Mall Partnership*, —— U.S. ——, ——-——, 115 S.Ct. 386, 390-92, 130 L.Ed.2d 233 (1994). Were we to enforce an equitable doctrine of mootness by estoppel, we would apply equitable principles in determining whether to vacate the district court's judgment in order to "dispose[] of the moot case[] in the manner 'most consonant to justice.'" *Id.* at ——, 115 S.Ct. at 391 (quoting *United States v. Hamburg-Amerikanische Packetfahrt-Actien Gesellschaft*, 239 U.S. 466, 477, 36 S.Ct. 212, 216, 60 L.Ed. 387 (1916) (quoting *South Spring Hill Gold Mining Co. v. Amador Medean Gold Mining Co.*, 145 U.S. 300, 302, 12 S.Ct. 921, 921, 36 L.Ed. 712 (1892))). We could hardly be expected to grant the equitable remedy of vacatur where doing so would have the inequitable effect of rewarding a party for making inconsistent representations to this Court.

Court could grant meaningful relief to SunAmerica if it were to prevail on this appeal.

Regardless of whether it is, in fact, "commercially impossible" for SunAmerica formally to reverse the name change process, relief from the district court's injunction would permit other commercial utilization of the SUN LIFE mark, such as using the mark in connection with a subsidiary created to market insurance products that the marketplace already associates with the Sun Life of America name. In other words, we think that SunAmerica's latest factual representations are true; its earlier ones were not. A case does not become moot simply because an appellate court is unable completely to restore the parties to the *status quo ante*. *Church of Scientology v. United States*, 506 U.S. 9, 12-14, 113 S.Ct. 447, 450, 121 L.Ed.2d 313 (1992). The ability of the appellate court to "effectuate a partial remedy" is sufficient to prevent mootness. *Id.; see also, e.g., United States v. Florida Azalea Specialists*, 19 F.3d 620, 622 (11th Cir.1994) (holding that appeal was not moot because the appellate court "could effectuate a partial remedy"). Because potential relief remains available to SunAmerica, we hold that this case is not moot and that we have jurisdiction to decide the merits of this appeal. *See, e.g., North Carolina v. Rice*, 404 U.S. 244, 246, 92 S.Ct. 402, 404, 30 L.Ed.2d 413 (1971) (holding that federal courts must resolve questions of mootness before assuming jurisdiction).

III. WHETHER THE INJUNCTIVE RELIEF GRANTED BY THE DISTRICT COURT WAS APPROPRIATE

A. Standard of Review

Determination of this appeal requires consideration of: (1) the factfindings of the district court; (2) the district court's application of the law; and (3) the injunctive relief granted. We review the factfindings of the district

court, to the extent they are properly presented on appeal, under the clearly erroneous standard. *E.g., Newell v. Prudential Ins. Co.*, 904 F.2d 644, 649 (11th Cir.1990). The district court's application of the law is subject to *de novo* review. *E.g., Church v. City of Huntsville*, 30 F.3d 1332, 1342 (11th Cir.1994). We review the district court's grant of injunctive relief for abuse of discretion, *e.g., Panama City Medical Diagnostic v. Williams*, 13 F.3d 1541, 1545 (11th Cir. 1994), meaning we must affirm unless we at least determine that the district court has made a "clear error of judgment," *United States v. Kelly*, 888 F.2d 732, 745 (11th Cir. 1989), or has applied an incorrect legal standard, *Cheney v. Anchor Glass Container Corp.*, 71 F.3d 848, 849 n. 2 (11th Cir.1996).

B. Factfindings of the District Court

A review of the key factfindings of the district court provides the backdrop to the legal analysis governing this case. Among the key ones are findings that:

(1) Sun Life of Canada is the senior user of the SUN LIFE mark.

(2) The likelihood of confusion among the SUN LIFE marks used by Sun Life of Canada and SunAmerica is "powerful" and "substantial." In fact, the confusion among the marks is "inevitable."

(3) The present confusion is not the result of Sun Life of Canada's actions.

(4) Neither the use of geographic modifiers nor the subdivision of channels of distribution is sufficient to remedy the present confusion.

In its brief to this Court, SunAmerica states that the issues it raises on appeal are questions of law subject to *de novo* review. SunAmerica has not explicitly argued

in the briefs or at oral argument that any of the district court's factfindings are clearly erroneous. With one possible exception, SunAmerica does not even implicitly challenge any of the district court's findings of fact. As this Court has held repeatedly, "[a]n argument not made is waived." *Continental Technical Servs. v. Rockwell Int'l Corp.*, 927 F.2d 1198, 1199 (11th Cir.1991); *see also, e.g., Stepak v. Addison*, 20 F.3d 398, 412 (11th Cir. 1994) (holding that issue not addressed on appeal is waived); *Roach v. M/V Aqua Grace*, 857 F.2d 1575, 1578 n. 1 (11th Cir. 1988) (stating that district court's factual determination "has not been contested on appeal, and appellant's argument to the contrary has thus been abandoned").

Although SunAmerica does not challenge directly any of the district court's findings of fact, it does argue that the district court erred in failing to consider "whether the actions of Sun Life of Canada after acquiesence served to create additional confusion." The premise of this argument is contradicted by the district court's express finding that the "[p]laintiffs have not shown that the present confusion is the result of Defendant's actions." That finding is not clearly erroneous. Because all of SunAmerica's potential challenges to the district court's factfindings are waived, without merit, or both, we turn now to a discussion of the legal issues.

C. The Legal Principles Involving Asquiescence, Inevitable Confusion, and the Revival of Claims

To establish a prima facie case in an ordinary trademark infringement suit, a claimant need only demonstrate that: (1) it enjoys enforceable rights in its mark, and (2) the alleged infringer adopted a mark that is the same or confusingly similar. *E.g., Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1512 (11th Cir.1984). Sun Life of Canada demonstrated both of these elements to the district court, something that SunAmerica does not dispute.

Because Sun Life of Canada established a prima facie case, the district court was required to analyze SunAmerica's affirmative defenses. *SunAmerica I*, 24 U.S.P.Q.2d at 1509, *infra* pp. 1343-44 (Birch, J., concurring).

SunAmerica raised the affirmative defense of acquiescence. Acquiescence is an equitable defense that denotes active consent by a senior user to another's use of the mark. *Coach House*, 934 F.2d at 1558. The defense requires proof of three elements: (1) the senior user actively represented that it would not assert a right or a claim; (2) the delay between the active representation and assertion of the right or claim was not excusable; and (3) the delay caused the defendant undue prejudice. *Id.* The district court considered SunAmerica's proof on these points and concluded that "[i]n this case, the facts show that Sun Life of Canada acquiesced to [SunAmerica's] use of the allegedly infringing marks." Sun Life of Canada does not challenge that conclusion.

Ordinarily, an acquiescence defense estops a senior user from asserting rights against a party for the use of the mark to which the senior user consented. *See Sun America I*, 24 U.S.P.Q.2d at 1511, *infra* pp. 1345-46 (Birch, J., concurring); *Coach House*, 934 F.2d at 1564. Additionally, the existence of acquiescence creates a legal duty on the part of the senior user to respect the junior user's mark and to avoid creating confusion with it. *SunAmerica I*, 24 U.S.P.Q.2d at 1511, *infra* pp. 1345-46 (Birch, J., concurring). Insofar as the senior user's and junior user's rights and duties respecting one another are concerned, acquiescence causes both users' marks to "stand in parity." *Id.* at 1512, *infra* p. 1347. "After acquiescence, the senior user and junior user must treat one another's marks with equal dignity." *Id.* at 1511, *infra*, p. 1346.

However, the defense of acquiescence is not absolute. Upon a showing that "inevitable confusion" [3] arises from the continued dual use of the marks, a senior user's claim may be revived from estoppel. *Id.* at 1510, *infra* p. 1344; *Coach House,* 934 F.2d at 1564; *Iodent Chem. v. Dart Drug Corp.,* 207 U.S.P.Q. 602, 607 (T.T.A.B.1980). As we explained in *Coach House,* the purpose of such a revival is to vindicate the public interest in avoiding inevitable confusion in the marketplace: "Although [the senior user] has acquiesced in use of their logo by the [junior user], the public interest in preventing confusion around the marketplace is paramount to any inequity caused the [junior user]. Consequently, if there is an inevitability of confusion, [the senior user's] law suit may be revived from estoppel." *Coach House,* 934 F.2d at 1564. Here, the district court found inevitable confusion and held that the public interest required revival of Sun Life of Canada's prior trademark rights.

As noted previously, SunAmerica does not dispute the district court's factual finding of inevitable confusion. Instead, it advances two alternative theories to challenge the district court's legal analysis about inevitable confusion. First, SunAmerica argues that the concept of inevitable confusion applies solely to trademark registration and has no application in the infringement suit context. This argument is squarely foreclosed by our contrary holding in *Coach House,* 934 F.2d at 1564. *See, e.g., Davis v. Estelle,* 529 F.2d 437, 441 (5th Cir.1976) (holding that "[o]ne panel of this Court cannot disregard the precedent set by a prior panel").

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[3] Due to the fact-intensive nature of the inquiry, "inevitable confusion" does not lend itself to a formulaic, mechanical definition. For present purposes, it is sufficient to note that "the standard of confusion required for a finding of inevitability of confusion is an increment higher than that required for a finding of a likelihood of confusion." *Coach House Restaurant v. Coach and Six Restaurants,* 934 F.2d 1551, 1564 (11th Cir.1991).

Second, SunAmerica argues that the district court erred by "automatically" reviving Sun Life of Canada's claim from estoppel. As SunAmerica correctly notes, we said in *Coach House* that "if there is an inevitability of confusion, petitioner's law suit may be revived from estoppel." *Coach House,* 934 F.2d at 1564. SunAmerica seizes on the single word "may" to urge that a district court has considerable discretion in determining whether a senior user's claim should be revived from estoppel after a finding of inevitable confusion, and argues that a court should engage in an intricate balancing test before deciding how to exercise that discretion. This argument illustrates the misunderstandings that can arise from a myopic focus on a single word.

We do not read *Coach House* to require district judges to engage in a complex balancing test to determine whether, after a showing of inevitable confusion, a senior user's claim is revived from estoppel. As we explained elsewhere in the *Coach House* opinion, "In the event that petitioner . . . proves the inevitability of confusion required to survive the estoppel by acquiescence in use at trial, the district court *will have to address* petitioner's newest claims of service-mark infringement and unfair competition." *Id.* at 1565 (emphasis added). In other words, unless an acquiescent senior user shows inevitable confusion, estoppel bars the senior user's claims; those claims may not (meaning "cannot") be revived. When inevitable confusion is shown, however, the senior user is no longer estopped; thus we say that the previously-estopped claims "may" now be heard, not because a discretionary test has entered the analysis, but because that which was previously disallowed is now allowed. When that happens, the district court, as we said, "will have to address" the senior user's claims.

Moreover, SunAmerica's proposed balancing test would add an additional layer of complexity to an analysis that is already, of necessity, complex. Accordingly, the dis-

trict court did not err by reviving, upon a showing of inevitable confusion, Sun Life of Canada's claims that were otherwise estopped by acquiescence. The kind of balancing and exercise of discretion for which SunAmerica calls is appropriate when the district court must decide what relief to fashion after a senior user prevails on a revived claim, but not earlier in the process when the district court is deciding whether the senior user has "prove[n] the inevitability of confusion required to survive the estoppel by acquiescence." *Coach House*, 934 F.2d at 1565.

D. Fashioning Equitable Relief for Revived Claims

Once a senior user demonstrates the inevitable confusion required to revive a claim otherwise estopped by acquiescence, the district court must determine the scope and nature of relief to be granted. The senior user's ability to make out a prima facie case will already have been established before consideration of affirmative defenses, such as acquiescence. *See SunAmerica I*, 24 U.S.P.Q.2d at 1509, *infra* pp. 1342-43 (Birch, J., concurring). Therefore, the only task remaining before the district court will be to determine the remedy best suited to meet the goals of eliminating the inevitable confusion and protecting the public interest.

Section 34(a) of the Lanham Act directs district courts to apply traditional equitable principles when fashioning injunctive relief in trademark cases: "The several courts vested with jurisdiction of civil actions arising under this Act shall have power to grant injunctions, *according to the principles of equity and upon such terms as the court may deem reasonable . . . .*" 15 U.S.C.A. § 1116(a) (West Supp.1995) (emphasis added). Equitable principles require consideration of the unique circumstances of each case, with due regard for flexibility, practicality, and the public interest:

> The essence of equity jurisdiction has been the power of the Chancellor to do equity and to mould each decree to the necessities of the particular case. Flexibility rather than rigidity has distinguished it. The qualities of mercy and practicality have made equity the instrument for nice adjustment and reconciliation between the public interest and private needs as well as between competing private claims.

Hecht Co. v. Bowles, 321 U.S. 321, 329-30, 64 S.Ct. 587, 592, 88 L.Ed. 754 (1944).

> In trademark cases, the scope of the injunction to be entered depends upon the manner in which plaintiff is harmed, the possible means by which that harm can be avoided, the viability of the defenses raised, and the burden that would be imposed on defendant and the potential effect on competition between the parties. . . . "The law requires that courts closely tailor injunctions to the harm that they address."

4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 30.03[1] (4th ed. 1995) (quoting *ALPO Petfoods v. Ralston Purina Co.*, 913 F.2d 958, 972 (D.C.Cir.1990)). Therefore, we have stated that "[t]he equitable relief that is granted should be only that which is required to distinguish the two products, and no more." *B.H. Bunn Co. v. AAA Replacement Parts Co.*, 451 F.2d 1254, 1270 (5th Cir.1971).

Although the equitable principles reviewed above are relevant to the relief stage of any trademark case, they apply with unique force in cases involving acquiescence. In such cases, but for the presence of inevitable confusion, the competing marks would "stand in parity" and be of "equal dignity." *See SunAmerica I*, 24 U.S.P.Q.2d at 1511-12, *infra* pp. 1345-47 (Birch, J., concurring). For this reason, acquiescence cases are distinguishable from ordinary trademark infringement actions, in which complete injunctions against the infringing party are the

order of the day. *See, e.g., First Fed. Sav. & Loan Ass'n v. First Fed. Sav. & Loan Ass'n*, 929 F.2d 382, 384-85 (8th Cir.1991) (upholding complete injunction where substantial evidence of actual confusion was shown). In contrast, where competing marks are of equal dignity due to acquiescence, *any* restriction of the junior user's previously unrestricted freedom to use its mark results in a certain degree of undeserved, albeit necessary, hardship. The law requires this hardship because "the public interest in preventing confusion around the marketplace is paramount," *Coach House*, 934 F.2d at 1564, but the legitimate coexisting interests of the parties in an acquiescence case counsels for minimizing the hardship on either party to the extent possible consistent with the public interest. Therefore, the hardship of a total injunction against a junior user in an acquiescence case is permissible only if the junior user fails to demonstrate the availability of a feasible and effective alternative means of redressing the senior user's revived claim and vindicating the public interest in eliminating marketplace confusion, without causing undue hardship to the senior user.[4]

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[4] As an additional factor in fashioning equitable relief while avoiding unnecessary hardship to the junior use, the district court should consider the history leading to the inevitable confusion that revives the senior user's claims. Specifically, it should consider whether the senior user comes to the court with "unclean hands" wrongfully seeking to appropriate the goodwill of the junior user's mark. The district court should not enter injunctive relief that rewards a senior user that has intentionally created inevitable confusion in order to revive its claim from estoppel, after acquiescing in a competitor's use of a mark while that competitor establishes goodwill in the mark. SunAmerica argues that this case presents us with just such a scenario, but the district court found as a fact that Sun Life of Canada did not cause the present confusion. Should this hypothetical materialize in a future case, we are confident that district courts will be able to fashion injunctive relief that avoids the unjust enrichment of a predatory senior user.

The underpinnings of the foregoing rule of law are illuminated by a brief consideration of the basic values at stake in such a case. When inevitable confusion occurs in the marketplace due to unrestricted dual use of a trademark, the "paramount" value of the public interest demands some adjustment to the status quo; some remedy must be fashioned. The confusion must be remedied even where, as here, dual use after acquiescence causes the competing marks otherwise to stand in parity. Any adjustment to the status quo, however, will work some hardship on one or both of the parties, because the court's imposition of a remedy will end the previously unrestricted use of the mark by both parties. Someone must suffer the remedy, and the law demands it not be the public. That leaves only the parties to shoulder the hardship necessary to end the confusion. Accordingly, the question becomes how the requisite hardship will be allocated between the parties while giving due consideration to their legitimate interests in the mark.

The court should give due consideration to the parties' legitimate interests by considering the full range of remedial alternatives available to cure marketplace confusion and to redress the senior user's revived claim. When feasible and effective, the court should fashion a remedy less harsh than the strong medicine of a total injunction. On occasion, however, only that strong medicine will do and a total injunction must issue against one party or the other. In that circumstance, it is to be expected that usually the injunction will issue against the junior user. That presumption is justified, if for no other reason, because the senior user had the mark first, and it was the junior user who began the mutual use that led eventually to inevitable confusion. Stated differently, a junior user assumes the risk that, even if the senior user acquiesces to the junior's use, inevitable confusion may someday arise in the marketplace and that the only feasible and effective way to eliminate this confusion will be a com-

plete injunction following revival of the senior user's claim.

In determining whether a remedy less than a total injunction against the junior's use is feasible and effective, a court should bear in mind that absent some overriding consideration, the senior user ordinarily should not be required to stomach more of the remedial medicine than the junior user. The same considerations we have discussed that support the presumption that a total injunction, where necessary, should ordinarily fall on the junior user also support a presumption that in most cases the senior user should not have to shoulder more of the remedial burden than the junior user. Neither of these presumptions are insurmountable, and we hedge by saying "ordinarily" and "in most cases," because we cannot predict all the variables that will arise and, after all, we are in the domain of equity, which is not easily fenced.

That point leads us to a discussion of our scope of review of a district court's decision about how to remedy inevitable confusion following from acquiescent use. As in virtually every other area of the law, we will review factfindings only for clear error. We will also review, essentially *de novo,* to ensure that the district court applied the correct legal principles, which we have previously discussed, to the facts. The applicable law does not, however, function like a mathematical formula. The same facts plugged into the same analytical framework will not necessarily yield the same decision. The legal principles are not that precise; there is room for judgment and for the exercise of equitable discretion.

Accordingly, where the district court has not clearly erred in finding the facts and has applied the correct legal principles, we will review its ultimate remedial decision only for abuse of discretion. The absence of discretion standard of review is not uniform across the law. It is applied more narrowly in some areas than in others. *See United States v. Cox,* 995 F.2d 1041, 1043-44 (11th

Cir.1993) (explaining that, although both grants and denials of new trial motions are reviewed under the abuse of discretion standard, "we have . . . accorded grants of such motions less deference than denials"). What we mean here when we say that we will review the district court's ultimate decision about how to remedy post-acquiescence inevitable confusion is that the district court will be given considerable leeway, that there will be a wide decisional range within which we will not reverse the court even if we would have reached a different decision. *See Macklin v. Singletary*, 24 F.3d 1307, 1311-12 (11th Cir. 1994) (discussing abuse of discretion review in terms of the district court's range of permissible decisional choices).

E. The Remedy Decision in This Case

We turn now to a review of the district court's remedy decision in this case. After finding that Sun Life of Canada had demonstrated the inevitable confusion required to revive its claim from estoppel by acquiescence, the district court entered an order enjoining SunAmerica from any further use of any SUN LIFE mark. The district court completely enjoined SunAmerica's use of the mark, even though SunAmerica proposed to the district court five alternatives to a complete injunction: (1) requiring both parties to use geographic modifiers in connection with their SUN LIFE marks; (2) subdividing the distribution market such that SunAmerica could use the SUN LIFE mark in the independent broker-dealer market while Sun Life of Canada could use the mark only through its career agent sales force; (3) prohibiting the use of the SUN LIFE (U.S.) mark by Sun Life of Canada; (4) requiring the parties to conduct mutual educational campaigns to differentiate the parties and their marks; and (5) imposing guidelines regarding the use and prominence of geographic modifiers and/or corporate logos in connection with the SUN LIFE marks. SunAmerica suggested that combinations of these alternatives should be considered.

The district court considered and rejected the first three alternatives. As to the first, the district court found that geographic modifiers would be insufficient to alleviate the high levels of confusion in the marketplace. As to the second, the court found that the distribution market could not be meaningful subdivided. As to the third, the court found that Sun Life of Canada had not used the SUN LIFE (U.S.) mark since May 1992, indicating that an injunction barring use of that mark by Sun Life of Canada would not effectively eliminate marketplace confusion. None of these factfindings—and they are factfindings—is clearly erroneous.

We are unable to determine, however, whether the district court considered SunAmerica's other two proposed remedies before enjoining SunAmerica from all further use of the SUN LIFE mark. We are also unable to determine if the district court considered whether the use of geographic modifiers in *combination* with educational efforts and guidelines regarding the use and prominence of those modifiers and/or corporate logos would have been feasible and effective. The district court may have considered and rejected all of these alternatives, but we cannot tell for sure. If the court did consider and reject them—if it found as a fact that they would not end inevitable public confusion over the marks—our review of the record indicates that such a finding would not have been clearly erroneous. However, we are not prepared to say at this time that a contrary finding—such as that some combination of the alternatives would have sufficed to protect the public interest against marketplace confusion—would be clearly erroneous.

Therefore, we remand this case for the limited purpose of providing the district court an opportunity to consider whether any of SunAmerica's proposed alternatives to a complete injunction would have sufficiently vindicated the public interest in eliminating marketplace confusion. We leave to the sound discretion of the district court the de-

termination of whether further hearings are needed for this purpose. If the district court finds that none of the other alternatives, by themselves or in combination, would end inevitable confusion, then the district court's complete injunction against SunAmerica's use of the marks is the only feasible and effective remedy. If, on the other hand, the district court finds as a fact that some remedy or remedies other than a complete injunction would be feasible and effective, then the court should exercise its discretion, guided by the general principles we have discussed previously, to choose among all of the available remedies.

We REMAND this case to the district court for proceedings consistent with this opinion. We leave the permanent injunction in place for the district court to revisit if the results of the proceedings it conducts consistent with this opinion indicate that it should.

Because of the nature and complexity of the issues in this case, our familiarity with them, and the nature of the remand, this panel will exercise jurisdiction over a future appeal, should there be one.

APPENDIX

IN THE UNITED STATES COURT OF APPEALS FOR THE ELEVENTH CIRCUIT

No. 91-8860

D.C. Docket No. 1:89-cv-1315-JTC

SUNAMERICA CORPORATION, a Delaware Corporation, f/n/a SUN LIFE GROUP OF AMERICA; SUN LIFE INSURANCE COMPANY OF AMERICA, a Maryland corporation,

Plaintiffs, Counterclaim-Defendants, Appellees,

versus

SUN LIFE ASSURANCE COMPANY OF CANADA, a Canadian corporation; SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.), a Delaware corporation,

Defendants, Counterclaim-Plaintiffs, Appellants.

Appeal from the United States District Court for the Northern District of Georgia

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(September 9, 1992)

Before BIRCH, Circuit Judge, HILL and ESCHBACH *, Senior Circuit Judges.

PER CURIAM:

This case involves important trademark issues that are factually and legally complex. Plaintiffs SunAmerica

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* Honorable Jesse E. Eschbach, Senior U.S. Circuit Judge for the Seventh Circuit, sitting by designation.

Corporation and its wholly-owned subsidiary, Sun Life Insurance Company of America ("Sun Life of America") (collectively, "SunAmerica"), brought suit against defendants Sun Life Assurance Company of Canada and its subsidiary, Sun Life Assurance Company of Canada (U.S.) ("Sun Life of Canada (U.S.)") (collectively, "Sun Life of Canada"). SunAmerica uses the mark SUN LIFE OF AMERICA; Sun Life of Canada uses the mark SUN LIFE OF CANADA. In essence, each party has now charged the other with employing confusing similar marks to designate its insurance products, in violation of the trademark laws.

In the district court, both sides moved for summary judgment on various claims and legal theories. The district court correctly discerned that disputed issues of material fact precluded summary judgment on the vast majority of these claims. However, the court concluded that one claim could be resolved on summary judgment—Sun Life of Canada's use of the abbreviated mark SUN LIFE (U.S.) to designate products affiliated with its American subsidiary. The district court found the SUN LIFE (U.S.) mark to be confusingly similar to SunAmerica's use of SUN LIFE OF AMERICA. Accordingly, the court permanently enjoined Sun Life of Canada from using SUN LIFE (U.S.) without some form of the geographical modifier "of Canada." The propriety of this injunctive relief is all that is before us on this appeal.

We hold that the issuance of the permanent injunction at this stage of this case was improper. This is a complicated trademark dispute rife with subtle and pivotal interrelationships. The district court's resolution of one trademark claim in this unique case, without careful and proper regard for these interrelationships, was error. In paticular, the trial court failed to explicitly delineate and resolve the issues raised by Sun Life of Canada's counterclaim. In that counterclaim, Sun Life of Canada alleges that SunAmerica is not entitled to receive protection for

any "Sun Life" mark because SunAmerica is the junior user of a "Sun Life" mark. In other words, Sun Life of Canada claims that its use of SUN LIFE (U.S.) cannot be enjoined in order to avoid confusion with SUN LIFE OF AMERICA because SunAmerica has no enforceable rights in the mark SUN LIFE OF AMERICA. We agree with Sun Life of Canada that the resolution of this issue was a prerequisite to determining SunAmerica's entitlement to a permanent injunction. In failing to rule explicitly on all aspects of this subject, the trial court's summary judgment injunction was premature.

Therefore, we VACATE the permanent injunction entered by the district court and REMAND the case to the district court for further proceedings.

BIRCH, Circuit Judge, specially concurring:

The majority has found the district court's analysis and development wanting. Since I am convinced that simply remanding the case to the district judge without any comment may result in future problems, I have succumbed to temptation and will endeavor to provide some observations relative to the issues presented in this complex case. The parties and the district court may well choose to ignore these offerings, but hopefully, all concerned may find them to be of some benefit in reaching a resolution of this conflict.

I.

A.

The district court found that over the past few years, Sun Life of Canada and SunAmerica have been "engaged in providing similar [insurance] products and services, through similar trade channels to similar customers, often through similar advertising media." R15-137-13. This was not always the case. Sun Life of Canada is the older and larger of the companies. Founded in Canada in 1865, Sun Life of Canada began operations in the United States in 1895, and it is not disputed that it was the first user of a "Sun Life" mark for insurance products in this country. From its inception, Sun Life of Canada has promoted and sold a variety of insurance products to investment-oriented clients, including traditional life insurance, immediate annuities, and deferred annuities.

Although the current subsidiary of SunAmerica was founded in Maryland in 1890, the company did not operate under the name Sun Life Insurance Company of America until 1916. Sun Life of America was always smaller and more specialized. Throughout most of its history, Sun Life of America's business was primarily constituted by the sale of basic mortality-based life insurance to industrial workers in the Middle-Atlantic states. Despite the similarity of names, then, Sun Life

of Canada and Sun Life of America coexisted peacefully for much of their history, apparently because they sold different products in different markets to different clients. Both parties admit to this harmonious coexistence. In fact, relations were so cordial that "[i]n every circumstance in which the two companies sought to expand into the same states, the first registered company, typically Sun Life of Canada, gave its consent to the newly-entering company seeking registration." R15-137-3.

Beginning in the early 1970s, seeds of tension were planted. Sun Life of Canada created its American subsidiary, Sun Life of Canada (U.S.), and began occasional abbreviation of that name to "Sun Life (U.S.)" in 1973. Sun Life of Canada also began exploring new means of distribution for its products; in particular, the lucrative channels of national and regional stock brokerage firms and broker-dealers. In 1978, Sun Life of Canada contracted with Merrill Lynch for the distribution of annuities. In 1982, Sun Life of Canada acquired Massachusetts Financial Services Company ("MFS"), one of the largest investment advisors in the United States. By 1983, then, Sun Life of Canada and Sun Life of Canada (U.S.) were marketing insurance products via brokerage houses and broker-dealers utilizing the name, at least to some extent, "Sun Life (U.S.)."

The early 1970s were also the origins of change for Sun Life of America. The conglomerate Kaufman & Broad, Inc. ("Broad Inc.") acquired Sun Life of America in 1973. Under the direction of Broad Inc., Sun Life of America began to modernize and expand. By the end of the 1970s, Sun Life of America had experimented with different products, different distribution channels, and different clients. In particular, Sun Life of America began experimenting with the sale of annuities, through broker-dealers, to investment-oriented clients. By the early 1980s, the seeds of tension were beginning to take root. Sun Life of Canada (U.S.) was sprouting with a short-

ened name; Sun Life of America was sprouting with a different business. The clash was almost inevitable.[1]

Sun Life of America first protested Sun Life of Canada's use of the mark SUN LIFE (U.S.) in June 1983. Sun Life of Canada declined to stop its use of the shortened name of its American subsidiary. Before Sun Life of America objected again in 1988, Sun Life of Canada had sold some 4 billion dollars worth of innovative annuity products, designated (at least in part) by the mark SUN LIFE (U.S.), through MFS and other brokerage houses and broker-dealers. On the other side of this developing conflict, Sun Life of America continued its transformation into a company that would also sell annuities to investment-oriented clients through broker-dealer channels of distribution. In 1984, Sun Life of American began its first significant development and marketing of annuity proucts. Sun Life of America would shortly acquire several brokerage firms. Sun Life of Canada claims that by the end of 1989, Sun Life of America had completely abandoned its origins—selling mortality-based life insurance to industrial workers in the Middle-Atlantic states—in favor of a sophisticated and revamped insurance business that competed directly with Sun Life of Canada.

Shortly after Sun Life of America adopted its new name in 1916, Sun Life of Canada wrote the following in a letter to Sun Life of America: "Under the circumstances, there is nothing to be done in the matter, but to endeavor as far as possible, to avoid any confusion through this similarlity of names." R15-137-3. In June 1989, the endeavoring ended and the litigation began.

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[1] Two attempts to pretermit the clash failed. An agreement reached in 1980—providing for the inclusion of the geographic modifiers "of Canada" and "of America"—was limited to specified names and marks. A broader "understanding" about the inclusion of geographic modifiers was reached in 1982, but this understanding was never formalized.

B.

SunAmerica's lawsuit asserted various state and federal claims against Sun Life of Canada. However, only SunAmerica's trademark claim concerning Sun Life of Canada's use of SUN LIFE (U.S.) is at issue in this appeal.[2] SunAmerica's principal allegation with respect to this claim is that the use of SUN LIFE (U.S.) falsely suggests to the public that Sun Life of Canada's insurance products originate with SunAmerica, in violation of SunAmerica's trademark rights under section 43(a) of the Lanham Act. *See* 15 U.S.C. § 1125(a) (1988).

In addition to responding to SunAmerica's allegations, Sun Life of Canada counterclaimed. The counterclaim relevant to this appeal[3] contended that

> Sun Life of Canada began using its name SUN LIFE OF CANADA in the United States many years before plaintiffs began using SUN LIFE OF AMERICA, that plaintiffs' usage of SUN LIFE OF AMERICA has caused, and is likely to cause, confusion with defendants' SUN LIFE OF CANADA name, and that plaintiffs should therefore be enjoined from all further use of the SUN LIFE OF AMERICA name and any other name or mark containing the salient words SUN LIFE.

Appellants' Br. at 3. Although no party moved for summary judgment with respect to Sun Life of Canada's counterclaim, both parties submitted cross motions for summary judgment with respect to SunAmerica's challenge to the use of SUN LIFE (U.S.).

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[2] SunAmerica also challenged (1) Sun Life of Canada's adoption of a new "S" logo that allegedly infringes SunAmerica's "S" logo, (2) Sun Life of Canada's use of the name "Sun Financial Group" that allegedly infringes SunAmerica's use of "Sun Financial Services," and (3) the continuing vitality of various other Sun Life of Canada marks.

[3] Sun Life of Canada also challenged (1) SunAmerica's "S" logo, and (2) SunAmerica's right to use the name "SunAmerica."

The district court granted summary judgment to SunAmerica. The trial court quickly found a likelihood of confusion based upon an analysis of the marks at issue. Echoing this circuit's seven-factor test for likelihood of confusion, *see Dieter v. B & H Indus.*, 880 F.2d 322, 326 (11th Cir.1989), *cert. denied*, 498 U.S. 950, 111 S.Ct. 369, 112 L.Ed.2d 332 (1990); *Jellibeans, Inc. v. Skating Clubs*, 716 F.2d 833, 840 (11th Cir.1983), the district court ruled that there was a risk of confusion because SUN LIFE (U.S.) could be considered "synonymous" with SUN LIFE OF AMERICA. In support of its finding, the court cited the companies' now similar products, distribution channels, clients, and advertising, as well as evidence of actual confusion. *See* R15-137-13-14. Accordingly, the court permanently enjoined Sun Life of Canada from using SUN LIFE (U.S.) standing alone in any advertisements, promotional materials, press releases or other materials. Sun Life of Canada's counterclaim—asserting that SunAmerica had no enforceable rights in any "Sun Life" mark whatsoever—remained pending.

II.

A.

Sun Life of Canada contends that the district court improperly granted a permanent injunction without first completely resolving the issues raised by the counterclaim:

> [T]he District Court's summary judgment injunction should be reversed because it is based on the invalid assumption that plaintiffs have a continuing right to use the name SUN LIFE OF AMERICA. Defendants' counterclaim . . . asserts that the confusion between the parties is caused by the fact that their full names both begin with SUN LIFE, that defendants admittedly used SUN LIFE OF CANADA long prior to plaintiffs' first use of SUN LIFE OF AMERICA, and that the only effective way to prevent con-

> fusion is to enjoin planitiffs, the junior users of a SUN LIFE name, from all further use of SUN LIFE OF AMERICA. If defendants prevail on this claim at trial, the sole basis for the summary judgment injunction—the finding that defendants' use of SUN LIFE (U.S.) is likely to be confused with plaintiffs' use of SUN LIFE OF AMERICA—will be eliminated.

Appellants' Br. at 23. I agree with Sun Life of Canada.

An explicit determination of the issues raised by Sun Life of Canada's counterclaim was required before the district court could properly enter a permanent injunction in favor of SunAmerica. SunAmerica's claim was based upon section 43(a) of the Lanham Act, which provides in relevant part:

> Any person who, on or in connection with any goods or services, . . . uses in commerce any word, term, name, symbol, or device, . . . which
>
> (1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
>
> (2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a) (1988). This court has repeatedly held that in order to be entitled to injunctive relief under section 43(a) of the Lanham Act, a plaintiff must establish *both* "(1) that it has trademark rights in the mark or name at issue . . . and (2) that the defendant

adopted a mark or name that was the same, or confusingly similar to the plaintiff's mark, such that there was a likelihood of confusion. . . ." *ConAgra, [Conagra] Inc. v. Singleton,* 743 F.2d 1508, 1512 (11th Cir. 1984) (citation omitted); *see Investacorp, Inc. v. Arabian Inv. Banking Corp.,* 931 F.2d 1519, 1521-22 (11th Cir.), *cert. denied,* 502 U.S. 1005, 112 S.Ct. 639, 116 L.Ed.2d 657 (1991); *American Television and Communications Corp. v. American Communications and Television, Inc.,* 810 F.2d 1546, 1548 (11th Cir.1987). Sun Life of Canada's counterclaim undertakes directly to refute the existence of the first element that SunAmerica must establish under section 43(a)—that SunAmerica has enforceable trademark rights in the mark or name SUN LIFE OF AMERICA. By skipping to the confusion issues and failing to rule explicitly on SunAmerica's right to use any "Sun Life" mark, the district court issued a permanent injunction that was premature.

As the moving party, Sun Life of America was required to establish that there was no genuine issue of material fact about its right to use SUN LIFE OF AMERICA and that it was entitled to judgment as a matter of law on that issue. Fed.R.Civ.P. 56(c); *see Celotex Corp. v. Catrett,* 477 U.S. 317, 322, 106 S.Ct. 2548, 2552, 91 L.Ed.2d 265 (1986). The district court did not make a specific ruling on the precise issue of Sun Life of America's right to use "Sun Life" in light of Sun Life of Canada's counterclaim. Indeed, the court did not make any specific findings of fact or conclusions of law with respect to this matter. Although, generally, a district court may not be required to make such findings and conclusions in support of summary judgment rulings, *see* Fed.R.Civ.P. 52(a), the cases have stressed the importance of such findings to facilitate meaningful appellate review. *See, e.g., Clay v. Equifax, Inc.,* 762 F.2d 952, 956-58 (11th Cir.1985); *Hanson v. Aetna Life & Casualty,* 625 F.2d 573, 575-76 (5th Cir.1980).

SunAmerica claims that the district court did reach a decision on the issues raised by Sun Life of Canada's counterclaim. I do not agree. The district court did give isolated commentary about SunAmerica's right to use "Sun Life," but I do not consider this commentary to be an adequate disposition of these issues. Sun Life of Canada's counterclaim and its impact upon SunAmerica's entitlement to a permanent injunction was not specifically addressed by the district court. On this particular record, then, one cannot discern whether the district court ruled, after a full and fair consideration of the issue, that Sun Life of America has a protectible trademark interest in the use of "Sun Life." Perhaps just as important, even assuming the district court did rule on the issue, the court's factual and legal bases for doing so are unclear, making appellate review of the purported decision difficult if not impossible.

B.

I am not convinced that the district court's isolated commentary on the issues raised by Sun Life of Canada's counterclaim constituted a ruling on the subject; that commentary persuades me to further delineate and describe the precise issues that will likely confront the district court on remand. The district court's discussion evinces the need for doctrinal moorings. In suggesting that SunAmerica has enforceable rights in SUN LIFE OF AMERICA, the district court stated that Sun Life of Canada was precluded from challenging the use of SUN LIFE OF AMERICA because it had permitted another party to use that mark for such a long period of time. The district court sporadically invoked various legal doctrines in support of its suggestion, but did not expand upon the elements of any one. *See* R15-137-14 (acquiescence); *id.* (equitable estoppel); *id.* at 15 (laches); *id.* at 26 (waiver). Moreover, the district court did not rely upon any trademark case law in touching upon the issues raised by Sun Life of Canada's counterclaim. I believe that a more methodical approach, complete with an analy-

sis of the issues as clarified by this circuit's trademark jurisprudence, is essential in this case. Resolution of complex intellectual property issues is seldom properly accomplished in a broad and conclusionary opinion format.

With respect to the issues raised by Sun Life of Canada's counterclaim, the starting point must be Sun Life of Canada's ability to establish a prima facie case under section 43(a) of the Lanham Act.[4] Once again, pursuant to the case law established in this circuit, Sun Life of Canada is required to demonstrate both that it enjoys enforceable rights in its SUN LIFE OF CANADA mark and that Sun Life of America's use of SUN LIFE OF AMERICA generated a likelihood of confusion. *E.g.*, *ConAgra* [*Conagra*], 743 F.2d at 1512. With respect to the first factor, Sun Life of Canada would need to demonstrate not only its first use of the unregistered mark,[5]

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[4] Sun Life of Canada registered SUN LIFE OF CANADA in 1967. However, such a registration would not defeat Sun Life of America's prior rights (if any) created by its long prior use of SUN LIFE OF AMERICA. *See* 15 U.S.C. §§ 1065, 1051 (1988).

Sun Life of Canada has also registered the following "Sun" marks:

SUN LIFE OF CANADA	1967
FOLLOW THE SUN FOR LIFE	1967
SUN FUND	1971
SUN FUND (plus design)	1971
SUN PLAN	1981
SUN LIFE OF CANADA (stylized)	1981
SUN LIFEMASTER	1984
SUNPLAN 2	1984
SUN INTERESTMASTER	1985
SUN PENSIONMASTER	1985
SUN INTERESTMASTER—Q	1985
SUN EXECUMASTER	1986
SUN ULTRATERM	1987
SUN FINANCIAL GROUP	1987

SunAmerica has only registered its name "SunAmerica."

[5] Apparently, Sun Life of Canada was the first user of a "Sun Life" mark in 45 of the 50 states.

but also that it acquired a protectible interest in SUN LIFE OF CANADA (or the shortened form SUN LIFE[6]), either because the mark is inherently distinctive or because the mark has acquired secondary meaning. *E.g., Investacorp*, 931 F.2d at 1522. With respect to the confusion issue, the district court's analysis should once again be guided by the seven-factor test utilized in cases like *Dieter* and *Jellibeans*.

Only after first discerning the extent of Sun Life of Canada's protectible interest and any likelihood of confusion should the district court proceed to an analysis of SunAmerica's potential affirmative defenses. Although the district court loosely characterized SunAmerica's putative defense, it appears from the record that in all probability SunAmerica's defense sounds in acquiescence. The distinguishing feature of the acquiescence defense is the element of *active* or *explicit* consent to the use of an allegedly infringing mark. *Coach House Restaurant v. Coach and Six Restaurants*, 934 F.2d 1551, 1558 (11th Cir.1991). SunAmerica has clearly claimed that Sun Life of Canada granted SunAmerica express permission to use the SUN LIFE OF AMERICA mark; demonstrated, for example, by Sun Life of Canada's aid in helping Sun Life of America clear the hurdles imposed by the insurance regulators of various states.[7]

SunAmerica can establish an acquiescence defense only if it shows:

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[6] Sun Life of Canada's mark may have been occasionally abbreviated to just SUN LIFE as early as 1914.

[7] The laches defense is associated with more passive consent, usually demonstrated by a long period of silence. *Coach House*, 934 F.2d at 1558. Although "estoppel" or "estoppel by laches" is sometimes used in the trademark area, the district court appears to have borrowed its "equitable estoppel" language from the workers' compensation context, as evidenced by the court's citation to *DeShong v. Seaboard Coast Line R.R.*, 737 F.2d 1520 (11th Cir.1984). The district court's invocation of "waiver" has no trademark roots.

> (1) That [Sun Life of Canada] actively represented that it would not assert a right or a claim;
>
> (2) that the delay between the active representation and assertion of the right or claim was not excusable; and
>
> (3) that the delay caused [Sun Life of America] undue prejudice.

Coach House, 934 F.2d at 1558.[8] Acquiescence would estop Sun Life of Canada from extinguishing SunAmerica's use of SUN LIFE OF AMERICA, unless there is an inevitability of confusion between the two marks. *Id.* at 1564. I express no opinion on SunAmerica's ability to establish this defense to Sun Life of Canada's counterclaim. I note only that the court's analysis of the first and third elements should be straightforward based upon the evidence in the record; accordingly, I will not comment further on those elements. However, I believe that the second element requires additional guidance.

In determining whether or not a prior user's delay is "excusable," the district court must not limit itself solely to a raw calculation of the time period involved. Rather, the court should also examine the *reasons* for any delay. In the context of this case, Sun Life of Canada has at lease advanced a colorable excluse: Sun Life of Canada contends that it had no reason to assert an early chal-

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[8] Sun Life of Canada's arguments on appeal imply that even if *SunAmerica* could establish these three elements of an acquiescence defense, Sun Life of Canada could still "revoke" its acquiescence because acquiescence is merely an "implied license" to use a mark. *See ConAgra* [*Conagra*], 743 F.2d at 1516. I disagree. *ConAgra* [*Conagra*] stated that "[a]cquiescence *alone* is analogous to an implied license to use the name." *Id.* (emphasis added). By this, the court meant that if *only the first element is established*—active consent—then the permission is revocable. Once the remaining elements of acquiescence are established, however, the permission is not revocable. *Id.* at 1516-18; *see also Coach House*, 934 F.2d at 1558 & n. 18, 1563-64.

lenge to the Sun Life of America's use of a "Sun Life" mark because until 1989, Sun Life of America sold different products in a different market through different distribution channels. Moreover, it may be that Sun Life of Canada could not have *successfully* prosecuted an earlier infringement challenge because until Sun Life of America changed its business, there was negligible likelihood of confusion. Pursuit of an infringement action may have been futile. Once again, I express no opinion on whether or not any delay on the part of Sun Life of Canada was "excusable." "Careful consideration of these factors, the possible need for additional evidence, the finding of facts on the elements of the . . . defense, and the sound exercise of discretion based on the facts are matters best left to the district court on remand." *ConAgra* [*Conagra*], 743 F.2d at 1518.

C.

Citing *Forum Corp. v. Forum Ltd.*, 903 F.2d 434 (7th Cir.1990), Sun Life of Canada argues that this is an easy case simply because Sun Life of America is admittedly the junior user of a "Sun Life" mark. Sun Life of Canada contends that because Sun Life of America is a second comer, it has a continuing duty to avoid confusion with the first user's mark. Moreover, Sun Life of Canada presses, Sun Life of America's duty to avoid confusion exists even when the first user shortens or abbreviates its mark. In essence, Sun Life of Canada contends that Sun Life of America has acted at its peril since adopting a "Sun Life" mark in 1916.

The theory argued by Sun Life of Canada is legally cognizable, but only to a point. There is ample support for the proposition that a second user of a mark has a duty to avoid confusion with a first user's mark. In the words of Professor McCarthy:

> It is well-settled that one who adopts a mark similar to the mark of another for closely related goods acts at his peril and any doubt there might be must be resolved against him. If there is evidence that

> the junior user in fact knew of the senior user's mark before beginning use, the "acting at one's peril" rationale finds stronger support.

2 J. Thomas McCarthy, *Trademarks and Unfair Competition* § 23:21, at 106-07 (2d ed. 1984) (footnotes omitted). The second comer's duty to avoid confusion also requires the second comer to anticipate the possibility that the senior user will shorten or abbreviate its mark to its salient portions. For example, in *Forum Corp.*, the Seventh Circuit held the junior user of a mark responsible for avoiding confusion even though the senior user had abbreviated its name:

> It is the *second* user's responsibility to avoid confusion in its choice of a trademark, and that responsibility must include choosing a mark whose salient portion would not likely be confused with a first user's mark. . . .
>
> . . . .
>
> . . . [E]ven if [senior user The Forum Corporation of North America] had shortened the form of its trademark throughout the years, [junior user The Forum, Ltd.] would not be freed from its responsibility to avoid confusion since the salient and memorable feature of [the senior user's] mark is Forum."

903 F.2d at 440, 441; *cf. E. Remy Martin & Co. v. Shaw-Ross Int'l Imports, Inc.*, 756 F.2d 1525, 1531 (11th Cir.1985) (shortening REMY MARTIN to "Remy"); *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 1179 (9th Cir.1988) (shortening CENTURY 21 to "Century").

However, the duty to avoid confusion takes a different hue if the first user has actively permitted the second comer's use of a mark containing a salient portion of the senior user's mark. In other words, if the first user of a trademark affirmatively acquiesces to a second user's adoption and use of a mark that contains the memorable

aspect of the first user's mark, the senior user cannot later complain that the second comer's mark creates confusion with an anticipated or actual abbreviation of the first user's mark. True, in *Forum Corp.*, senior user The Forum Corporation of North America could hold junior user The Forum, Ltd., accountable for the confusion resulting from the senior user's abbreviation to "The Forum," but only because the junior user had no permission or right to incorporate into its own mark the salient aspect of the senior user's mark. But The Forum Corporation of North America could not affirmatively acquiesce to a second comer's use of "The Forum, Ltd." and then change its own name to "The Forum, Ltd." after an inexcusable delay accompanied by undue prejudice.[9] *See supra* pp. 1344-45. Similarly, Remy Martin could not consent to another cognac's use of "Remy Smith" and then adopt for itself the name "Remy Smith," and Century 21 could not acquiesce to the use of "Century 42" only to later appropriate "Century 42" for itself.

Accordingly, if the junior user can establish the three requisite elements of an acquiescence defense, then the duty to avoid confusion becomes *mutual*. Typically, where the senior user acquiesces to the junior user's mark, the senior user is estopped from challenging that mark under section 43(a) of the Lanham Act. It follows that the senior user should also be estopped from adopting the junior user's mark for itself and from changing its own mark in a manner that significantly heightens the risk of confusion. After acquiescence, the senior user and the junior user must treat one another's marks with equal dignity.

In the context of this dispute, then, the fact that Sun Life of America is the junior user of a "Sun Life" mark

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[9] Again, this discussion must always be viewed against the backdrop of the likelihood of confusion determination, which necessarily involves an analysis of the seven-factor test; including, for example, similarity of products, channels of commerce and advertising media.

is dispositive only if Sun Life of Canada has not acquiesced to the use of SUN LIFE OF AMERICA. Absent Sun Life of Canada's affirmative aquiescence, Sun Life of America would have a duty to avoid confusion with Sun Life of Canada's mark, including the duty to anticipate both the shortening of SUN LIFE OF CANADA to SUN LIFE and the designation of Sun Life of Canada's subsidiary in America as SUN LIFE (U.S.). If Sun Life of Canada has acquiesced to the use of SUN LIFE OF AMERICA, however, Sun Life of Canada also has a duty to respect that mark and avoid creating confusion with it. Once again, I express no opinion on the acquiescence defense. As this issue will require a careful, fact-intensive consideration, I shall leave it for the district court and its informed discretion on remand. *See ConAgra* [*Conagra*], 743 F.2d at 1518.

III.

Because the majority has vacated the permanent injunction for the reasons stated above, I need not review the specifics of the district court's resolution of SunAmerica's challenge to Sun Life of Canada's use of SUN LIFE (U.S.). However, my review of the record again indicates the need for doctrinal guidance and the necessity of a methodical approach.

The starting point for the analysis of the claim that SUN LIFE (U.S.) is confusingly similar to SUN LIFE OF AMERICA is, once again, whether or not SunAmerican can establish a prima facie case under section 43(a) of the Lanham Act. As indicated above, the case law requires SunAmerica to establish (1) that it has a protectible trademark interest in SUN LIFE OF AMERCIA, and (2) that Sun Life of Canada's use of the mark SUN LIFE (U.S.) creates a likelihood of confusion with SUN LIFE OF AMERICA. With respect to the first element, SunAmerica must not only survive Sun Life of Canada's counterclaim, *see supra* p. 1342, but also es-

tablish the acquisition of protectible trademark rights, either because SUN LIFE OF AMERICA is inherently distinctive or because it has acquired secondary meaning. *See Investacorp*, 931 F.2d at 1522. With respect to confusion, the district court's analysis should again follow the seven-factor test as established in cases like *Dieter* and *Jellibeans* to determine whether or not Sun Life of Canada's use of SUN LIFE (U.S.) creates a likelihood of confusion with SUN LIFE OF AMERICA.

I think it also prudent to address Sun Life of Canada's "causation" argument. Sun Life of Canada argues repeatedly on this appeal that the "cause" of public confusion (if any) is not its use of SUN LIFE (U.S.), but the combination of SunAmerica's use of a mark that begins with "Sun Life" and SunAmerica's relatively recent entrance into the business of selling annuities through broker-dealers. Sun Life of Canada is certainly correct in pointing out that the only reason the change in geographical designation might make a difference is that in this case, both parties have operated under names that begin with "Sun Life."

Nevertheless, historical similarities occasioned by the parties' dual use of "Sun Life" would not necessarily disqualify Sun Life of America from obtaining an injunction. Should the district court find it necessary to reach the issue of whether or not SUN LIFE (U.S.) is confusingly similar to SUN LIFE OF AMERICA, it will only be because there has been a prior finding that SunAmerica has a protectible trademark interest in SUN LIFE OF AMERICA and that Sun Life of Canada has acquiesced to that interest. At such a point, SunAmerica's mark and Sun Life of Canada's mark would stand in parity. Under these circumstances, even if Sun Life of America then took advantage of industry trends by shifting to the sale of annuities through broker-dealers, it would be entitled to assume that no party would take further steps that would generate a greater likelihood of

confusion than that which previously existed at the time of acquiescence. Therefore, if SunAmerica has enforceable rights in SUN LIFE OF AMERICA, it is not fatal to SunAmerica's claim that a "but-for" cause of public confusion might be SunAmerica's expansion into annuity products and the broker-dealer markets, or that there may have been residual similarities stemming from the parties' respective uses of "Sun Life" for 75 years. As long as the district court finds, based upon a careful analysis of the evidence, that Sun Life of Canada's use of SUN LIFE (U.S.) now creates an *additional* likelihood of confusion, an injunction will lie.[10]

Finally, after resolving the issues raised by Sun Life of Canada's counterclaim and reaching a decision as to whether SunAmerica can establish a prima facie case under section 43(a), the district court should consider the two affirmative defenses proffered by Sun Life of Canada —laches and acquiescence. The trial court may not have understood that Sun Life of Canada's affirmative defenses focus upon a different time period than SunAmerica's apparent defense to the counterclaim. Sun Life of Canada's defenses focus not upon the long history of the two companies, but upon the relatively shorter period of time that Sun Life of Canada has been utilizing the mark SUN LIFE (U.S.).

Sun Life of Canada first argues that SunAmerica should be estopped from contesting the use of SUN LIFE (U.S.) because SunAmerica had actual knowledge of the use of SUN LIFE (U.S.) in 1982, yet waited until June 1989 to file suit, after Sun Life of Canada sold 4 billion dollars of products under the SUN LIFE (U.S.) mark. Such delay, Sun Life of Canada contends, constitutes

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[10] Sun Life of Canada also contests the admissibility and authenticity of certain evidence before the district court. I express no opinion on this issue. I trust that on remand, the district court will ascertain that the evidence it considers is admissible and authentic.

laches. To establish this defense, Sun Life of Canada must prove:

(1) a delay in asserting a right or a claim,

(2) that the delay was not excusable, and

(3) that there was undue prejudice to the party against whom the claim is asserted.

Ambrit [*AmBrit*], *Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1545 (11th Cir.1986), *cert. denied*, 481 U.S. 1041, 107 S.Ct. 1983, 95 L.Ed.2d 822 (1987). Stated differently, SunAmerica is only estopped from asserting its SUN LIFE (U.S.) claim if Sun Life of Canada demonstrates that it suffered undue prejudice while SunAmerica inexcusably delayed in asserting its rights. While I express no opinion on the laches argument, I anticipate that the district court will consider all of the relevant facts and circumstances before reaching a conclusion on this equitable defense.

Sun Life of Canada next alleges that SunAmerica should be estopped from contesting the use of SUN LIFE (U.S.) because SunAmerica implicitly acquiesced to the use of SUN LIFE (U.S.) by acting as an agent of Sun Life of Canada and selling Sun Life of Canada's products under the name SUN LIFE (U.S.). Put another way, Sun Life of Canada contends that by selling products designated by SUN LIFE (U.S.), SunAmerica implicitly consented to Sun Life of Canada's use of that specific mark (even if potentially confusing). To establish this acquiescence defense, Sun Life of Canada would need to establish the three elements identified above: active representation, inexcusable delay, and undue prejudice. *See supra* pp. 1347-48. I note for the district court that an "active representation" need not come via a "specific endorsement" or formal agreement, *see* R15-137-16; rather, implied acquiescence may be inferred from a clear encouragement of the use of the allegedly infringing mark, as when, for example, the plaintiff substantially contrib-

utes to the marketing of the allegedly infringing products. *See, e.g., Coach House*, 934 F.2d at 1563-64; *ConAgra* [*Conagra*], 743 F.2d at 1516-18; *Land O'Lakes, Inc. v. Land O'Frost, Inc.*, 224 U.S.P.Q. 1022, 1029-30 (TTAB 1984); *Hitachi Metals Int'l v. Yamakyu Chain Kabushiki*, 209 U.S.P.Q. 1057, 1067 (TTAB 1981). Once again, in deciding this issue, the district court should carefully consider SunAmerica's proffered reasons for its alleged acquiescence and delay. *See supra* pp. 1344-45.

IV.

SunAmerica has described this case as "open-and-shut" because Sun Life of Canada has allegedly used an identical mark for competitive products. *See* Appellees' Br. at 4 n. 2 (citing 2 J. Thomas McCarthy, *Trademarks and Unfair Competition* § 23:3, at 56 (2d ed. 1984)). As evidenced by my discussion, I am unpersuaded as to that conclusion. This case has a complex and unique history that spans over 100 years. Both parties to this dispute have persuasive claims, counterclaims, and defenses. All are interrelated. All require not only a careful analysis of each party's trademarks, products, markets, clients, and distribution channels, but also an analysis of how circumstances may have changed over time. Arguably, in this case, convergence has created competition and confusion. Only precise, step-by-step detailed analysis can illuminate an appropriate resolution that is capable of meaningful appellate review. To suggest otherwise ignores the complexity and subtlety presented in this case.

APPENDIX B

[Filed Jun. 8, 1995]

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

Civil Action File No. 1:89-CV-1315-JTC

SUNAMERICA CORPORATION (formerly SUN LIFE GROUP OF AMERICA, INC.), a Delaware corporation, and SUN LIFE INSURANCE COMPANY OF AMERICA, a Maryland Corporation,

Plaintiffs,

v.

SUN LIFE ASSURANCE COMPANY OF CANADA, a Canadian corporation, and SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.), a Delaware corporation,

Defendants.

ORDER OF THE COURT

This trademark action is before the Court on Plaintiff's Motions to Alter or Amend Judgment [#187-1], for Stay Pending Appeal [#187-2], and for New Trial [#188-1]; and Defendant's Motions for Leave to File a Further Response [#193-1] and Emergency Motion to Vacate Stay [#204-1]. As an initial matter, Defendant's Motion for Leave to File an additional response [#193] is unopposed, Local Rule 220-1(b), and is GRANTED for good cause shown.

I. BACKGROUND

The case was before the Court for a non-jury trial during November and December, 1993. The Court deter-

mined that Defendants established protectable rights in the "Sun Life of Canada" and "Sun Life" marks prior to Plaintiffs' first use of the mark "Sun Life of America". While Sun Life of Canada subsequently acquiesced in Plaintiffs' use of a confusingly similar mark, evidence demonstrated an inevitable confusion between the two "Sun Life" marks. Thus, in August of 1994, Plaintiff was enjoined from further use of the "Sun Life" or "Sun Financial Services" marks.

Subsequently, Plaintiff's Motion for Stay of Judgment was granted pending this Court's decision on the Motion for Stay Pending Appeal to allow the parties time to address the relative merits of a further stay. An evidentiary hearing was held in March, 1995, regarding continuing the stay pending appeal.

II. MOTIONS FOR NEW TRIAL/ALTER JUDGMENT

Plaintiff moves to alter or amend judgment under Fed. Rs. Civ. P. 59 and 60, based on inability to immediately conform to the injunction issued in August of 1994. This motion was, in effect, granted by the issuance of the temporary stay of judgment in September 1994. This Motion is DENIED AS MOOT.

Plaintiff also moves for a new trial based on its contention that the Court erred in its application of the law. Plaintiff first alleges that the Court misapplied the "inevitability of confusion" doctrine to invalidate Plaintiff's equitable defense of acquiescence. Plaintiff also asserts that some of the cases relied upon in an opinion cited by the Court are inapplicable to the instant case. Finally, Plaintiff claims that problem of intolerable confusion was created by Defendant and that the confusion can be reduced by means other than ceasing to use a mark.

A motion for new trial is governed by Fed. R. Civ. P. 59(a). Grounds for granting a new trial in an action tried without a jury are manifest errors of law, manifest

errors of fact, and newly discovered evidence. *In re Devault Mfg. Co.*, 4 B.R. 382 (Bkrtcy Pa. 1980), aff'd 14 B.R. 536 (D.C. Pa. 1980). If the motion is based on a legal error, the error of law must prejudice a party's substantial rights to warrant a new trial. *See Finch v. City of Vernon*, 877 F.2d 1497, 1504 (11th Cir. 1989); *Diane Mfg. Co. v. Sheffield Indus. Inc.*, 514 F. Supp. 185, 186 (S.D.Fla. 1981), *aff'd*, 685 F.2d 1387 (11th Cir. 1982).

The Court has carefully reviewed Plaintiff's arguments and finds them without merit. Plaintiff's Motion has failed to cite any legal error which would change the Court's prior determination as to the inevitability of confusion doctrine. *See, e.g., Coach House Restaurant v. Coach and Six Restaurants, Inc.*, 934 F.2d 1551, 1564 (11th Cir. 1991); *SunAmerica Corp. v. Sun Life Assurance Co. of Canada*, 24 U.S.P.Q.2d 1505, 1510 (11th Cir. 1992) (unreported in F.2d) (Birch, J., concurring). The Court is not persuaded by Plaintiff's argument that a case cited by the Court is inapplicable in the instant case. Moreover, even were the attempted distinction meritorious, it would not warrant a new trial.

Finally, Plaintiff failed to establish at trial or post trial that its factual contentions are supported by the evidence. Defendant has shown that confusion is inevitable, even if both companies continue to use the names "Sun Life of America" and "Sun Life of Canada". (Order of August 22, 1994, p. 47). Consistent use of geographic modifiers are not sufficient to prevent the high levels of confusion. Contrary to Plaintiff's assertions, Defendants did not cause the present confusion by entering channels of trade in which Plaintiff had prior rights. In fact, Defendants were selling fixed annuities through broker dealers prior to Plaintiff. (*See id.*, pp. 9-10). The broker-dealer channel of distribution cannot be convincingly subdivided into independent and non-independent broker dealers, as Plaintiff argues.

Furthermore, Defendants have not used the name "Sun Life (U.S.)," which precipitated Plaintiff's suit, since May, 1992. Nevertheless, the 1993 survey indicated that the broker dealers who advise the public and sell annuities to the public cannot distinguish between Sun Life of Canada and Sun Life of America. (*Id.*, at 21-29). Therefore, Plaintiffs have not shown that the present confusion is the result of Defendant's actions. Thus, Plaintiff's motion is DENIED.

III. STAY PENDING APPEAL/EMERGENCY MOTION TO VACATE STAY

Plaintiff seeks to stay pending appeal of this Court's injunction against further use of the marks "Sun Life" and "Sun Financial Services."

Under Fed. R. Civ. P. 62(c), a court may stay an injunction pending appeal. Considerations governing a stay pending appeal are similar to those for an injunction. Movant must show a likelihood of success on the merits, irreparable injury if relief is not afforded, no substantial harm to other interested parties, and no harm to the public interest. *In re Grand Jury Proceedings*, 689 F.2d 1351, 1353 (11th Cir. 1982) (per curiam). If the other three factors weigh heavily in favor of a stay, the movant need only show a "substantial case" on the merits of a serious legal question. *Ruiz v. Estelle*, 650 F.2d 555, 565-66 (5th Cir. 1981) (per curiam), cert. denied 460 U.S. 1040 (1983).

Success/Substantial Question on the Merits

Upon review of the record and this Court's previous findings, the Court concludes that there is no substantial question on the merits, due to the astounding level of confusion and the public interest in minimal confusion. (*See* Order of August 22, 1994).

Irreparable Injury

Plaintiff has not established that it will suffer irreparable injury. Based upon the evidence presented, the Court finds that a name change would not be irrevocable and that Plaintiff could reverse the process should Plaintiff succeed on appeal. (*See* McCartney Affidavit); Ariz. Rev. Stat. Ann. § 20-218 (1994). Some expense and inconvenience will be involved in changing the name. However, Plaintiff has failed to show irreparable harm by the cost alone of the change. Expense alone, even if substantial, does not demonstrate irreparable harm. *See Sampson v. Murray*, 415 U.S. 61, 90 (1994). The expense alleged by Plaintiff to make the change is not great when compared to the volume of Plaintiff's business.

Further, no legal or financial obstacle exists to Plaintiff ceasing to sell annuities under the Sun Life of America name. Plaintiff has been adept at creating new companies to sell financial products and in changing the business of existing companies in order to adapt to changing situations.[1]

Plaintiff moved into the fixed annuities market from a company which originally sold only industrial and later traditional life insurance. Sun Life of America no longer sells traditional life insurance but sells only fixed annuities through an entirely different channel of trade and to an entirely different market. Therefore, the good will inherent in the name as presently used by Plaintiff is limited. In addition, the Court finds that the options suggested by Defendants, such as private labelling or co-insurance under Anchor National, are viable. (*See* Transcript of March 1995 Hearing). However, the Court will allow Plaintiff to determine the manner in which it complies with the Court's injunction.

Finally, Plaintiff's increased identification with the name "SunAmerica" (*See* Plaintiff's Response to Emer-

[1] For example, Plaintiff recently created SunAmerica National Life Insurance Company. (*See* Defendant's Emergency Motion).

gency Motion, Exhibits A & B) diminishes the damage it will receive. Plaintiff's new marketing campaign, the first it has directed at the public, uses the name and sundial logo of SunAmerica prominently. (*Id.*) Accordingly, Plaintiff has failed to demonstrate that the harm from changing the "Sun Life" mark is irreparable.

Harm to the Public Interest

An important factor to be considered is the public interest in granting a stay. The public interest in minimal confusion is great. The 1993 survey conducted to measure the level of confusion among registered brokers found an absolute level of confusion that is astounding. (Order of August 22, 1994, pp. 21-29). Licensed brokers, as a group, are reasonably well-trained in the characteristics of annuity products. Moreover, the survey's measure of definite confusion understates the true amount of broker confusion, since it excludes those respondents who were "probably" and "possibly" confused. The results of the survey were consistent with an abundance of anecdotal evidence indicating confusion. (*Id.*)

The high level of confusion is the more serious because of the product involved. Members of the public must make decisions which affect their financial futures and involves billions of dollars of their savings. They rely on these investments to provide security for retirement. The differing financial security ratings of the two companies [2] suggest that investors may seek the more stable company for their investments. Thus, excessive confusion in the marketplace can result in investors choosing a certain product because they misunderstand its origin.

Such confusion is exacerbated by other factors. Both parties' products are sold by many of the same brokerage firms, even by Plaintiffs' own subsidiaries. Both com-

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[2] Sun Life of Canada is rated higher by both Best's and Standard and Poors. (Transcript of March 1995 Hearing; Order of August 22, 1994, p. 21).

panies target upper and middle income customers of similar profiles. The Court also found that the marks "Sun Life of America" and "Sun Life of Canada" are closely similar in sound, appearance, and overall commercial impression. Regardless of the Court's finding with the other factors to be considered in granting a stay, the public interest demands that Plaintiff market its securities in a manner that will indicate to the public the true origin of the securities.

The Injunction

Accordingly, based upon this finding of intolerable confusion, the Court entered the injunction at issue on August 22, 1994. The injunction was stayed shortly thereafter to allow Plaintiff an opportunity to mitigate the effect of the Court's Order. At the March hearing, the Court unequivocally advised Plaintiff that any future marketing of fixed annuities would not be allowed under the name "Sun Life of America" because of the real danger of confusion to the public. However, Plaintiff failed to propose an Order that would comply with the Court's instructions.

In that regard, the Court is concerned by Plaintiff's recent launching of a large consumer marketing campaign, which uses the marks "Sun Life" and "Sun Life of America", albeit in conjunction with the SunAmerica name. (*See* Defendants' Emergency Motion, Exhibit C; Plaintiff's Response, Exhibit A; Defendant's Reply, Exhibits B & C). Plaintiff's actions violate the Court's specific instructions from the March 1995 hearing. Plaintiff's aggressive continued use of the "Sun Life" name while this Motion is pending takes advantage of the Court's attempt to accommodate Plaintiff pending its appeal. Moreover, Plaintiff apparently cannot prevent the use of "Sun Life" without the geographic modifier, even by its own employees. (*See* Defendant's Exhibit C; Plaintiff's Response, pp. 3-4; *see also* Order of August 22,

1994, p. 20). This is further demonstration that the use of geographical modifiers is insufficient to mitigate the confusion.

Therefore, Plaintiff's Motion for a Stay Pending Appeal is DENIED. In view of the extended length of time already consumed in attempting to accommodate Plaintiff, no further delay will be permitted. After 45 days from entry of this Order, the stay previously entered in this case will be VACATED. During the interim period, Plaintiff is specifically enjoined from the use of "Sun Life of America" or "Sun Life" in its consumer advertising.

IV. CONCLUSION

Accordingly, based on the foregoing analysis, Plaintiff's Motion to Alter or Amend Judgment [#187-1] is DENIED AS MOOT. Plaintiff's Motions for Stay Pending Appeal [#187-2], and for New Trial [#188-1] are DENIED. Therefore, forty-five (45) days from entry of this Order, the stay previously entered in this case will be VACATED. During the interim period, Plaintiff is specifically enjoined from the use of "Sun Life of America" or "Sun Life" in its consumer advertising. Defendant's Motion for Leave to File a Further Response [#193-1] is GRANTED. Defendant's Emergency Motion to Vacate [#204-1] is DENIED AS MOOT.

SO ORDERED, this 2nd day of June, 1995.

/s/ Jack T. Camp
JACK T. CAMP
United States District Judge

APPENDIX C

UNITED STATES DISTRICT COURT
N.D. GEORGIA
ATLANTA DIVISION

Civ. A. No. 1:89-CV-1315-JTC

SUNAMERICA CORPORATION (formerly SUN LIFE GROUP OF AMERICA, INC.), a Delaware Corporation, and SUN LIFE INSURANCE COMPANY OF AMERICA, a Maryland Corporation,

Plaintiffs,

v.

SUN LIFE ASSURANCE COMPANY OF CANADA, a Canadian Corporation, and SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.), a Delaware Corporation,

Defendants.

Aug. 24, 1994

ORDER OF THE COURT

CAMP, District Judge.

This trademark action came before the Court for a non-jury trial during November and December, 1993. The trial record contains well over a thousand pages of live and deposition testimony, the controversial results of a joint survey, and many volumes of exhibits documenting the evolution of this conflict since 1916. Having carefully considered the evidence presented, the arguments of counsel, and the relevant law governing the parties' claims, the

Court makes the following findings of fact and conclusions of law.

FINDINGS OF FACT

I. BACKGROUND

Plaintiffs filed this trademark infringement action charging Defendants with violations of the Lanham Act and various state laws concerning trademark protection. Both Plaintiffs and Defendants curently use corporate names, trade names, and service marks featuring the term "Sun Life." Plaintiffs claim that Defendants recently began to use the names "Sun Life (U.S.)" and "Sun Life" prominently in advertising without any proximate reference to "Canada." Such use, said Plaintiffs, is confusing to consumers. At trial, Defendants did not deny the likelihood of confusion, but contended that the parties' simultaneous use of the salient phrase "Sun Life," even if modified by geographic terms such as "of America" or "of Canada," is inevitably confusing.

On motions for summary judgment, this Court ruled that Defendants' use of "Sun Life (U.S.)" presented a substantial likelihood of confusion with Plaintiffs' mark "Sun Life of America." *See* Order [#137], entered June 10, 1991. The Court enjoined Defendants from further use of the "Sun Life" name without the geographic modifier "of Canada." *See* Order [# 143], entered August 22, 1991. On September 9, 1992, the Eleventh Circuit vacated this Court's injunction and remanded for further proceedings. *See SunAmerica Corp. v. Sun Life Assurance Co. of Canada*, 24 U.S.P.Q.2d 1505, 974 F.2d 1348 (11th Cir.1992) (per curiam). The case came to trial on November 15, 1993.

A. *The Parties*

Plaintiffs are an American holding company, SunAmerica, Inc. ["SunAmerica"] and its wholly-owned subsidiary, Sun Life Insurance Company of America ["Sun

Life of America" or "SLA"]. Defendants are a Canadian mutual life insurance company, Sun Life Assurance Company of Canada ["Sun Life of Canada" or "SLC"] and its wholly-owned U.S. subsidiary, Sun Life Assurance Company of Canada (U.S.). Both parties presently are in the business of selling annuity products to American consumers. Both Plaintiffs and Defendants have used the service mark "Sun Life" alone or in combination with geographic modifiers and other descriptive terms for over seventy-five years.

B. *Claims and Counterclaims*

Sun Life of America challenges both Sun Life of Canada's use of "Sun Life (U.S.)" as a name for its U.S. subsidiary and SLC's federal registration of "Sun Financial Group." Plaintiff SLA further alleges unfair competition and trademark infringement under federal law, common law trademark infringement and unfair competition, and deceptive trade practices and false advertising under state law. SLA also seeks the cancellation of federal registration for various other marks used by Sun Life of Canada.[1]

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[1] When this litigation began, Defendants had registered fourteen "Sun" and "Sun Life" marks:

Mark	
* "Sun Life of Canada" plus design	June 20, 1967
* "Follow the Sun for Life"	June 20, 1967
* "Sun Fund"	July 13, 1971
* "Sun Fund" plus design	Sep. 21, 1971
* "SunPlan"	Apr. 21, 1981
* "Sun Life of Canada" (stylized)	Aug. 4, 1981
"Sun LifeMaster"	Mar. 27, 1984
"SunPlan 2"	Apr. 10, 1984
"Sun InterestMaster"	Apr. 30, 1985
"Sun InterestMaster—Q"	Oct. 8, 1985
"Sun Execumaster"	Apr. 29, 1986
"Sun UltraTerm"	Mar. 17, 1987
"Sun Financial Group"	Apr. 21, 1987

See DX 317, 839. Registrations preceded by an asterisk * are incontestable, pursuant to 15 U.S.C. § 1065.

Plaintiffs' only federally registered "Sun" marks are the "SunAmerica" marks it purchased from Chemical Bank in 1989.

Sun Life of Canada filed a counterclaim asserting that Plaintiffs are infringing Defendants' rights in the unmodified term "Sun Life." In addition, SLC wants the Court to cancel registration of Plaintiffs' "SunAmerica" marks.

C. *Decision on Appeal*

As noted, the Eleventh Circuit Court of Appeals vacated this Court's permanent injunction against Defendant SLC's use of "Sun Life (U.S.)" and remanded the case for trial. The Court of Appeals determined that this Court had failed to explicitly resolve the issues raised by SLC's counterclaim. Defendants argued that SLA did not have enforceable trademark rights in the "Sun Life of America" name, a prerequisite to a claim under section 43(a) of the Lanham Act. Thus, the Court must begin with an analysis of SLC's prior use of "Sun Life" and the legal effect of that use. In a concurring opinion, Judge Birch suggested an analytical framework for resolving the complex factual and legal issues presented on remand.

The Court will first determine whether Defendant SLC can demonstrate both enforceable rights in its "Sun Life of Canada" mark and that Plaintiffs' use of "Sun Life of America" generates a likelihood of confusion. The Court will next consider SLA's affirmative defense of acquiescence. In this regard, "[a]cquiescence would estop Sun Life of Canada from extinguishing SunAmerica's use of "Sun Life of America,' unless there is an inevitability of confusion between the two marks." *Id.* at 1510. If confusion is inevitable, the public interest may require that Defendant's claim to the "Sun Life" name be revived, regardless of acquiescence. As for SLA's claim that Defendants' "Sun Life (U.S.)" is confusingly similar to "Sun Life of America," the Court will first decide whether SLA has a protectable trademark interest in the "Sun Life of America" name before reaching the issue of confusion.

The evidence presented at trial and the applicable law suggest that two basic issues dispose of the principal claims in this action:

(1) Whether Sun Life of Canada *acquiesced* in Sun Life of America's use of its "Sun Life" name; and

(2) Whether there is an *inevitability of confusion* between the two marks.

II. HISTORY OF THE PARTIES AND THEIR NAMES

A. *The Early Days of Cooperation*

Defendant Sun Life Assurance Company of Canada was founded in Montreal, Canada in 1865 and adopted its present name in 1882. SLC pioneered several highly successful innovations in the life insurance field, grew steadily, and by the 1890's was one of the leading Canadian life insurance companies. The company opened its first branch office in the United States in 1895. Employees known as "career agents" began selling life insurance in the United States under the "Sun Life of Canada" name in 1895 and annuities at least as early as 1902. By 1915, a respected reporting source described Sun Life of Canada as follows:

> The company has built up a large income and operates in a widely extended territory. . . . The company is very strong financially. . . . Its actuarial methods are conservative and sound. The investments are sound and remunerative. . . . This company specializes on annuities and transacts a very large business under that plan.

Best's Insurance Reports,[2] Defendants' Exhibit ["DX"] 914 at 1916-1917 tab. SLC has used the name "Sun Life"

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[2] *Best's Insurance Reports* is the universally acknowledged authority on insurer reporting and insurance company ratings, recognized by both parties as the industry "Bible."

as an abbreviation for its full name in promotional advertisements since at least May 18, 1914. *See* DX 648. The parties do not dispute that Defendant was the first user of the "Sun Life" service mark for insurance products in the United States.

Plaintiff Sun Life Insurance Company of America was founded in Baltimore in 1890 and was incorporated in 1897 as "Immediate Benefit Life Insurance Company." SLA began operation as a "debit company," selling small denominations of industrial life, health and disability insurance policies to low income workers through home service agents. These employees, also called "debit agents," personally visited policyholders and collected the premium payments on a weekly or monthly basis. The company officially adopted the name "Sun Life Insurance Company of America" in 1916.

Although SLC immediately protested SLA's name change, the American company's charter already had been amended. In a letter dated April 26, 1916, SLC conceded: "Under the circumstances, there is nothing to be done in the matter, but to endeavor as far as possible, to avoid any confusion through this similarity of names." PX 77.

Both companies grew dramatically during the succeeding decades. Sun Life of Canada, many times larger than Sun Life of America, rapidly expanded its business throughout the United States.[3] In contrast, SLA concen-

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[3] *Best's* annually reports the total amount of "Insurance in Force," one measure of the relative size of the two companies:

Year	SL Canada	SL America
1915	$255 mil.	$ 11 mil.
1930	$2.8 bil.	$100 mil.
1940	$3.0 bil.	$144 mil.
1950	$4.5 bil.	$285 mil.
1960	$9.5 bil.	$869 mil.
1970	$19.0 bil.	$1.5 bil.

trated on developing business in the Middle Atlantic states. Historically, SLC sold its products to a broader base of upper income, investment-oriented customers, while SLA focused on selling smaller denominations of industrial insurance to low income workers. As the two companies moved through the first half of the twentieth century, however, their products, customers, and distribution methods began to converge.

By the 1920's, SLA had expanded its lines of business to include relatively small amounts of ordinary life insurance and annuities sold by independent general agents. During the 1930's and 1940's, the importance of industrial insurance diminished as consumers' interest in ordinary life insurance grew. In 1952, SLA created a general agency division and by 1963 derived the majority of its premium income from the sale of ordinary life insurance. Ten years later, industrial premiums accounted for only about 20% of SLA's total premiums, but annuity premiums had grown to about one-third.

During the first half of the century, Sun Life of Canada further enhanced its reputation by expanding profitable operations over a world-wide territory. During the 1950's and 1960's, annuity premiums remained a steady component of its corporate income. By 1973, total annuity premiums were $42 million compared to life premiums of $342 million.

Both companies continued their U.S. expansion. By 1973, SLA was licensed in 41 states and SLC in 45 states. For the most part, relations between the companies were cordial. For example, a number of states required consent by the first registered insurance company in the state as a prerequisite to allowing the second com-

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1980	$59.7 bil.	$2.9 bil.
1987	$170.8 bil.	$6.1 bil.

See Defendants' Exhibit 914.

pany to conduct business there. In every instance in which the two companies sought to expand into the same states, the first registered company—typically SLC—gave its consent to the second company seeking registration. *See, e.g.*, PX 126 (Delaware, 1953); PX 127 (Florida, 1959). Where SLA was the first insurance company in a state, it indicated its willingness to reciprocate. *See, e.g.*, PX 131 (New Mexico, 1968); PX 135 (Maryland, 1974).

B. *Expansion and Conflict*

The decade of the 1970's marked the beginning of a new era in the business and relations of both parties. In 1970, SLC formed a wholly-owned subsidiary, "Sun Life Assurance Company of Canada (U.S.)," for the specific purpose of issuing variable annuity products. In the same year, this newly created business established its own broker-dealer subsidiary ["SUNESCO"] to sell registered investment products.[4] SUNESCO opened 30 to 35 offices throughout the United States, staffed by a total of 300 registered representatives who sold SLC annuities and third party mutual funds to the public. During this period, SLC also increased its media advertising in an attempt to bolster public recognition of the company. SLC began using "Sun Life (U.S.)" as an abbreviation for the full name of its U.S. subsidiary in 1973. *See* DX 826, 863.

Meanwhile, the owners of Sun Life of America sold the company to home-building conglomerate Kaufman & Broad, Inc. in 1971. Thereafter, SLA also embarked on a plan to develop innovative financial products and

[4] Variable annuities are "securities" and can be sold to the public only by a "registered representative," a person licensed by the National Association of Securities Dealers [NASD]. Registered representatives, commonly called "brokers," sell other types of securities as well, including mutual funds. SUNESCO was registered as a broker-dealer and became an NASD member firm.

new channels of distribution. In 1972, after the New York Stock Exchange modified its rules to allow member firms to sell insurance products, SLA began a campaign to sell single premium deferred annuities to the public through independent broker-dealers.

In 1973, SLA entered into general agency sales agreements with several large brokerage firms. This new distribution strategy met with increasing success. Broker-dealers sold approximately $3.5 million of SLA's "Sun Annuity" product in 1973. From 1973 to 1982, SLA had average annual annuity sales of $16 million through independent broker-dealers. In 1983 and 1984, annuity sales reached $51 and $67 million respectively. Total sales increased dramatically to $255 million in 1985 and averaged more than $300 million per year through the remainder of the decade. Broker-dealers consistently accounted for a material portion of the company's total annuity sales.

During the time that SLA's broker-dealer distribution effort was beginning to take form in 1973, identification problems already had surfaced concerning the similarity of company names. On August 21, 1973, SLC asked SLA to incorporate "of America" in SLA's advertising:

> With increasing frequency we are receiving reports from our field offices that advertising placed by Sun Life of America is contributing to the confusion over the similar names of our companies. . . . I think we have to expect that there will always be some degree of confusion over identification since the public is certain to abbreviate, even when we don't. The words "of Canada" are a prominent part of our corporate logo, however, and we would appreciate it if your advertising and public relations departments could be made aware of the importance of giving the words "of America" equal prominence in your printed materials.

PX 797. SLA indicated its willingness to comply with Defendant's request: "Please be assured that all future advertisements and public announcements by our Company will be prepared in such a way as to eliminate any possible confusion between our Company and your Company." [5] PX 798, dated August 23, 1973.

Plaintiff expanded more aggressively in the following years. In 1978, Kaufman & Broad acquired an insurance holding company that owned Coastal States Life Insurance Company and Universal Guaranty Insurance Company. The name "Sun Life Group, Inc." was adopted to reflect the association of these companies with Sun Life of America.

Defendants were fully aware of the likelihood of public confusion caused by this similarity of names. In a letter dated February 19, 1979, SLC's general counsel protested that SLA's use of the name "Sun Life Group" with no geographic modifier "could cause confusion or misunderstanding by the general public." PX 78. In a follow-up letter in June, Sun Life of Canada threatened legal action. SLA responded, disputing that the new name infringed on SLC's existing name and denying the danger of public confusion: "Since the phrase 'Sun Life' has been continuously used to describe our life insurance business since 1916, we believe that at this time our right to continue to use this phrase has been perfected by the substantial passage of time." PX 81, dated July 19, 1979. Defendant strongly disagreed with this contention:

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[5] This informal agreement to use geographic modifiers seems to have remained in effect for several years. On July 27, 1979, Sun Life of Canada's counsel wrote to Sun Life of America's counsel wrote to Sun Life of America's counsel that: "Over the years we have had a good relationship with Sun Life of America. As recently as 1973 we had conversations with counsel for Sun Life of America wherein it was agreed that "of America" would appear prominently as part of their name." PX 82.

> Contrary to your opinion that such use has been perfected by the passage of time, it is our opinion that the use of the name "Sun Life Group" just came into being with your acquisition of Coastal States etc. As such, it is our position that the use of the name "Sun Life Group, Inc." is confusing to the public because of its similarity to Sun Life Assurance Company of Canada.

PX 82, dated July 27, 1979. SLC again threatened suit to remedy the "strong likelihood of confusion or of misunderstanding by the public as to the affiliation, connection or association of Sun Life Group with Sun Life Assurance Company of Canada." *Id.*

C. *An Incomplete Accommodation*

The two companies subsequently resolved their differences and signed a Settlement Agreement on May 30, 1980, [the "1980 Agreement"]. *See* PX 83. The 1980 Agreement provided that SLA woud not use the name "Sun Life Group" without inclusion of the traditional geographic modifier "of America" In return, SLC agreed not to oppose SLA's adoption of "Sun Life Group of America" as its corporate name.

It is important to note that the 1980 Agreement was limited to the issues involving Sun Life of America's use of "Sun Life Group" and did not cover a wider range of issues pertaining to other similar names and marks used by the parties in promotional activities. Consequently, the 1980 Agreement did not prevent further controversy surrounding the use of "Sun Life."

Late in 1981, SLC became aware of an annuities advertisement distributed by one of SLA's general agents, apparently without authorization by Sun Life of America. The brochure prominently featured the term "Sun Life" standing alone. Counsel for SLC wrote SLA on November 4, 1981, to complain about SLA's use of "Sun

Life" without a geographic modifier. "The likelihood of confusion is overwhelming," said SLC, "[w]e strenuously object to this infringing use of our registered mark." PX 84, dated November 4, 1981. When no answer was received, SLC once again threatened litigation over SLA's "Sun Life" advertisement. PX 85, dated January 20, 1982. After further correspondence, SLA indicated that it would be willing to use "Sun Life" in conjunction with its full corporate name if SLC would do the same. PX 88, dated March 19, 1982. SLA proposed a meeting to resolve the conflict. Legal representatives of the two companies met in Washington D.C. in April, 1982, and reached a general understanding that reference to the full corporate name, including geographic modifiers, should be made within the body of any written piece distributed by either company.

Meanwhile, Defendant SLC acquired Massachusetts Financial Services Company ["MFS"] in 1981. MFS was a registered broker-dealer and a long established wholesaler of investment products.[6] MFS had its own mutual fund sales force, as well as extensive relations with numerous broker-dealer firms throughout the country. MFS immediately began marketing SLC's annuity products through its broker-dealer channels.

MFS produced advertising brochures featuring the name "Sun Life (U.S." as a short form of "Sun Life of Canada (U.S.)." Following the Washington meeting in 1982, but before a draft of the proposed agreement was circulated, SLA objected that MFS's use of "Sun Life (U.S.)" was likely to be confused with "Sun Life of America." PX 95, dated June, 1982. Counsel for Sun Life of Canada responded that SLC's use of "Sun Life (U.S.)" in the MFS brochure was within the general

[6] Rather than selling directly to individual investors, a wholesaler operates one level higher in the distribution chain, selling larger volumes of products to retailing brokerage firms for resale to the public.

understanding reached in Washington. PX 96, dated July 1, 1982. SLA disagreed, insisting that merely revealing the corporate affiliation as a part of the internal text was not sufficient to avoid confusion when the brochure's cover prominently featured "Sun Life (U.S.)." PX 97. This dispute over SLC's potentially confusing use of "Sun Life (U.S.)" remained unresolved.

In December, 1982, SLC produced a draft settlement agreement based on the general understanding reached in the Washington meeting. *See* PX 100. The draft stated that both parties agreed not to use the phrase "Sun Life" standing alone on any piece of sales advertising without identifying in prominent fashion the party's full corporate name. SLC forwarded the draft agreement to SLA, but Plaintiff failed to respond to the proposal and the 1982 draft agreement was never signed.

D. *Hostilities Resume*

In 1984, Plaintiff SLA began another program to promote sales of annuities through consumer advertising and direct mail. This marketing operation was informally titled "Sun Financial Services" but also used several variations, including "Financial Services Division" and "Financial Services Division—Sun" in its activities. PX 23-35; 37-68; 71-72. Pror to April, 1987, Plaintiff used "Sun Financial Services" in a total of about seven advertisements and in all cases the term was used as a part of a return address. No evidence was introduced showing that consumers associate the "Sun Financial Services" name with Sun Life of America or that Plaintiff established market penetration under that name in any geographic area.[7] Between February, 1986, and March, 1987, SLA

[7] The Court is not persuaded by Plaintiffs' claim that advertising the "Sun Financial Services" mark in national media generated more than ten thousand consumer responses and more than $6.5 million in premium revenue by January, 1986. *See* Plaintiffs' Proposed Post-Trial Findings of Fact and Conclusions of Law [#177],

ceased all advertising use of "Sun Financial Services" pursuant to an agreement with a third party prior user of the name "Sun Financial Corp." DX 207, 208.

In April, 1986, SLC chose a new corporate title, "Sun Financial Group," for its U.S. operations. Sun Life of Canada registered the name "Sun Financial Group" with the United States Trademark and Patent Office without opposition in April, 1987. Prior to adopting "Sun Financial Group," Defendants conducted a trademark search and sought the advice of outside counsel to assure that the mark was available for use and registration. Plaintiff's use of "Sun Financial Services" did not appear in the results of the search. Also, in 1982 and 1985, Defendants searched all 50 states for the mark "Sun Financial Services." Both searches revealed that unaffiliated third parties had registered the name in several states, including Georgia. Defendants concluded that "Sun Financial Services" was not available. *See* DX 662.

¶¶ 140-42. John O'Leary, President of a company he called "Sun Life ("U.S.A.) Advertising" [a Sun Life of America affiliate], began a series of test advertising campaigns in September, 1984. This "direct response program" was designed to generate leads and sell annuities solely through advertising, without the customer seeing a company employee.

The accompanying exhibits are various informational advertisements urging consumers to "Act Today!" to buy a single premium deferred annuity. The ads list a toll-free number to call and supply an attached mail-in coupon to get more information and an application. The issuer is identified only on a portion of the coupon's return address. The coupons instruct prospective customers to mail an inquiry to "Sun Financial Services," "Financial Services Division," or "Sun Financial Services Division." *See* PX 5-28.

Although counsel emphasized the name "Sun Financial Services" in direct examination, Mr. O'Leary's testimony shows that the results he claims from the numerous promotional campaigns cannot be associated with any single departmental name. Moreover, the most prominent mark on each coupon is the "S" logo, followed by "Sun Life," and in much smaller type, "Member of Sun Life Group of America." *See* Transcript, pp. 264-79, O'Leary testimony.

Sun Life of America's growth accelerated in 1986 through the acquisition of Anchor National Life Insurance Company and Anchor Financial Services, a registered broker-dealer. In 1989, SLA acquired another broker-dealer, Royal Alliance. These companies complemented SLA's product distribution strategy, enabling SLA to increase the sale of its annuities through broker-dealers. SLA also continued to sign new selling agreements with independent brokerage firms.

At the same time, SLC substantially increased its use of the "Sun Life (U.S.)" name in media advertising and promotional materials. *See* Transcript at 382-88, Derrickson testimony. Shortly thereafter, the dispute concerning SLC's use of "Sun Life (U.S.)" flared again. On March 18, 1988, Eli Broad, Chairman of Kaufman & Broad, wrote to SLC to complain about its use of "Sun Life (U.S.)" without the geographic modifier "of Canada." PX 105. Broad cited a specific example of actual confusion concerning an analyst's report on a "Sun Life U.S." annuity product. He also questioned SLC's recent registration and use of "Sun Financial Group." Broad insisted that "[c]ontinued expansion of financial services by each of the companies under marketing names which do not distinguish between the two companies will lead inevitably to serious public confusion." *Id.* SLC replied with a suggestion for holding discussions to resolve the conflict. Company representatives met in September, 1988, but were unable to agree on a settlement. Plaintiffs subsequently filed this action on June 19, 1989.

During this period, Sun Life of America also sought a new name for its expanded financial services businesses. After extensive discussion, SLA settled on "SunAmerica Corporation," a name owned by Chemical Bank. In September, 1988, SLA purchased the rights to the "SunAmerica" name and in 1989 introduced "SunAmerica" as its umbrella mark. On August 30, 1993, SunAmerica Corporation merged into SunAmerica, Inc., a publicly-traded company. Plaintiff Sun Life Insurance Company

of America is now a wholly-owned subsidiary of SunAmerica, Inc. Until very recently, SLA's commercial advertising emphasized its new identity as a financial services company by consistently using the corporate signature "Sun Life, a SunAmerica Company."[8] *See*, *e.g.*, DX 301.

Sun Life of America changed more than its name. In 1989, the company sold its life insurance business, retaining small amounts on its books but completely discontinuing industrial and ordinary life sales. SLA now issues only single premium deferred annuities.[9] However, testimony at trial indicated that Plaintiffs may soon offer a variable annuity product under the "Sun Life of America" name. *See* Transcript at 485, Greer testimony; Saltzman Deposition at 73-75. According to a senior sales manager at SLC's Massachusetts Financial Services, a new SLA variable annuity product would significantly increase the existing level of confusion: "If we have a product that is a direct competitor of ours with the name 'Sun Life' on it, there is going to be mass confusion in the marketplace." Transcript at 968, Grip testimony.

Moreover, SLA's broker-dealer subsidiaries sell the annuity products of both SLA and SLC. Since 1986, these SLA subsidiaries have sold at least $175 million of SLC's annuity products under the marks "Sun Life," "Sun Life (U.S.)" and "Sun Life Group."[10] The three

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[8] On cross examination, Jana Greer, SunAmerica's SVP of Corporate Communications, admitted that the name "Sun Life, a SunAmerica Company" was changed to "Sun Life of America, a SunAmerica Company" during trial. *See* Transcript at 483, 484, 491, and 509.

[9] Plaintiffs' variable annuity product is distributed through its subsidiary, Anchor National Life.

[10] The record is not clear as to whether these SLA companies have also sold an additional $140-175 million of Defendants' annuity products under the "Sun Financial Group" mark. *See* Transcript at 964-65, Grip testimony; Stoltz deposition at 70-82. Defendants'

brokerage subsidiaries continue to sell between $20 and $25 million per year of SLC's annuities. Plaintiffs have earned millions of dollars in commissions by selling Defendants' competing annuity products. In addition, SLA's subsidiaries distribute sales literature for both SLA and SLC, including those brochures and prospectuses containing the many variations of "Sun Life" names used by both parties. In particular, the allegedly offending name "Sun Life (U.S.)" was prominently featured in promotional material provided by SLC and distributed to annuity customers by SLA's subsidiary sales organizations.[11]

In 1990-91, the insurance industry was rocked by the so-called "junk bond scandal," a period when investors became concerned about the financial viability of certain insurance companies whose policyholders' money was invested in high-yield, high-risk securities. Under a new, broader definition of "junk bonds" adipted by state regulatory agencies, many life insurers began reporting increased holdings of non-investment grade securities. On April 30, 1991, the New York Times ran a front page story featuring warnings by some consumer groups that insurance companies investing in low grade bonds faced heavy losses. DX 636. In reporting the balances held by many large insurers, the newspaper shortened Sun Life of America's name to "Sun Life," causing concerned calls from the media and from customers directed to Sun Life of Canada.

Financial stability is critical to an annuity issuer. Such confusion as resulted from the junk bond episode can

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Exhibits 795-804 contain copies of sales agreements and detailed distribution reports showing that SLA subsidiaries Southmark Financial Services, SunAmerica Securities, and Royal Alliance sold substantial amounts of SLC-MFS "Regatta" annuity product.

[11] Although this Court's injunction was vacated, Sun Life of Canada has voluntarily continued to abide by its terms. Thus, the name "Sun Life (U.S.)" has not been used in promotional materials since May, 1992.

undermine public confidence in the financial strength of a company and impair its ability to market credit-sensitive products such as annuities. SLC has a superior credit rating in the insurance industry, substantially higher than SLA's. Throughout its history, SLC has been given *Best's Insurance Reports'* highest rating, currently an "A++". SLA has an "A" rating, two categories lower, but still termed "excellent" by *Best's*. SLC's American subsidiary, Sun Life of Canada (U.S.), has the same A++ rating as Sun Life of Canada. *See* DX 914, 1993 tab; Transcript at 645-46, Lautzenheiser testimony.

III. THE JOINT SURVEY

At the Court's direction, the parties conducted a survey to measure the level of confusion among registered brokers caused by the similarity in company names. The study was jointly designed and executed by Plaintiffs' expert, Norman Passman, and Defendants' expert, Jerry Wind. *See* PX 1002, DX 1000. Both experts testified at trial. *See* Transcript at 515-85, Passman testimony; at 587-627, Wind Testimony. Not surprisingly, the experts do not agree on the proper interpretation of the survey results, as further described below.

In this "mystery shopper" survey, trained interviewers telephoned pre-selected broker-dealers, pretending to be potential annuities buyers. The responding brokers were individual registered representatives segregated into three groups: (1) brokers licensed to sell SLA annuities; (2) brokers licensed to sell SLC annuities; and (3) brokers licensed to sell both SLA and SLC annuities. The survey purports to assess the degree to which brokers trained to sell SLA and SLC annuities are confused by the similarity in names into believing that there is some affiliation between the two companies.

Although the survey focused on registered representatives, the results indicate the degree of confusion existing among consumers. Registered representatives are the con-

duit through which most annuities reach consumers. By regulation, all of SLC's annuities must be sold to the public by registered brokers, and most of SLA's annuities also are sold through brokerage firms. Because registered representatives are professional brokers trained in the sale of sophisticated financial products, they are normally more difficult to confuse by similar marks. Thus, evidence of confusion on the part of knowledgeable dealers tends to prove confusion on the part of consumers. *See* 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 23.29[1]; 3 *McCarthy* § 32.47[3] at 32-200 (3d ed. 1992).

Responding brokers were categorized as "definitely confused" if they answered a series of interview questions in any way that indicated they though SLA and SLC were connected. In addition, SLA's expert used the term "core level confusion" to distinguish those situations where a registered representative was asked about his own client and wrongly believed that there was a connection with the adverse party. For example, core confusion exists when an SLA broker is asked about "Sun Life of America" and responds in a way that shows the broker believes that Sun Life of America is connected with Sun Life of Canada. Also, core confusion describes an SLC broker who is asked about buying one of the Canadian products and associates it with the American plaintiff.

Both experts agreed that the following results constituted "definite confusion" among brokers:

A. *LIST A: Brokers Representing Sun Life of America*

There is a core level of confusion among brokers who represent Sun Life of America averaging 25%. For example, when asked about the name "Sun Life Insurance Company of America," 19% of the SLA brokers thought the American company was connected with the Canadian insurance company. When asked about "Sun Life of America," 31% of the brokers selling SLA annuities

were confused about a possible connection with the larger Canadian defendant.

Significantly greater confusion resulted when interviewers questioning SLA brokers asked about the Canadian companies. Twenty-two percent of the brokers thought there was some affiliation between "Sun Life Assurance Company of Canada" and the American plaintiffs. The name "Sun Life of Canada" confused 35% of the SLA brokers. The most confusing name was "Sun Life (U.S.)," where 59% of the SLA brokers indicated they believed "Sun Life (U.S.)" was connected to Sun Life of America.

B. *LIST B: Brokers Representing Sun Life of Canada*

The so-called "core level" of confusion among Sun Life of Canada brokers is somewhat lower, averaging about 10%.

When interviewers asked SLC brokers about the Canadian company names, 6% of the sample group thought "Sun Life Assurance Company of Canada" was affiliated with SLA. Thirteen percent thought there was an American affiliation when asked about the name "Sun Life of Canada." A total of 9% of the SLC brokers were confused by the name "Sun Life (U.S.)."

When asked about the American company names, however, the percentage of SLC brokers classified as "definitely confused" is dramatically higher. Sixty-nine percent of the brokers thought "Sun Life Insurance Company of America" was connected with Sun Life of Canada. Fifty-seven percent of the SLC brokers confused the name "Sun Life of America" with Defendant.

C. *LIST C: Brokers Representing Both Companies*

This measure of "definite confusion" applies to brokers who represent both Sun Life of America and Sun Life of Canada. This is the group that has been trained in

selling the products of each company and might therefore have the best basis for distinguishing the two names. Also, because these brokers are authorized to sell annuities for both companies, there is no dispute about interpreting data from some respondents labeled "possibly" and "probably" confused, a matter discussed below.

The following percentage of LIST C brokers wrongly perceived a connection between the American and Canadian companies when questioned about the names:

"Sun Life Insurance Company of America"	39%
"Sun Life of America"	30%
"Sun Life Assurance Company of Canada"	24%
"Sun Life of Canada"	6%
"Sun Life (U.S.)"	35%

SUMMARY: "DEFINITELY CONFUSED"

Stimuli	LIST A: SL Amer. Brokers	LIST B: SL Can. Brokers	LIST C: Brokers for Both Parties
Sun Life Ins. Co. of America	19%	69%	39%
Sun Life of America	31%	57%	30%
Sun Life Assur. Co. of Canada	22%	6%	24%
Sun Life of Canada	35%	13%	6%
Sun Life (U.S.)	59%	9%	35%

D. *"Probably" and "Possibly" Confused*

The experts agree that the responses above show the percentage of brokers who are "definitely confused." They do not agree, however, on defining an additional group of "probably" and "possibly" confused brokers.

As the survey responses were analyzed for signs of "definite" confusion, a second category of respondents emerged—those who were labeled "possibly confused" by Plaintiffs and "probably confused" by Defendants.[12] SLA's

[12] The "probably/possibly" controversy arose because the two experts who designed the survey apparently could not agree on

expert later reclassified as "not confused" many respondents he had initially labeled as "possibly confused." *See* Transcript at 534-35, 537-39, 566-69, Passman testimony; at 590-92, 595-602, Wind testimony. The result is that SLA's version of the survey data shows significantly fewer "confused" brokers in total. For example, of the LIST A brokers, those who represent Sun Life of America, Plaintiffs finds only an additional 2% that were "possibly confused" by the name "Sun Life of Canada." On the other hand, Defendants contend that an additional 51% of the LISA A brokers were "probably confused" by the name "Sun Life of Canada."

The Court will not attempt to resolve the experts' disagreement on how many respondents were "possibly" or "probably" confused. The experts agree that many brokers were "definitely confused," indicating an absolute level of confusion that is very high. In addition, the Court is convinced that the number of brokers in the definitely confused category should be further increased by an undetermined number to reflect the likelihood that

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the meaning of the brokers' responses to one of the questions. The survey called for an interviewer to ask: "Do you sell [*company name*] annuities?" A broker who represented Sun Life of America and answered "yes" when asked if he sold Sun Life of Canada, and vice versa, falls in this category.

Plaintiffs' expert minimized these responses as an indicator of confusion, initially terming the respondents "possibly confused." Mr. Passman speculated that the broker, although answering wrongly, may have thought it possible to quickly secure the necessary license with the issuing company in order to make the sale. Thus, Passman reasoned, the broker may not have been confused at all. *See* Transcript at 534-35, Passman testimony.

Conversely, Defendants' expert included these responses, calling the brokers "probably confused." His interpretation is supported by evidence showing: (1) other open-ended questions in the survey do not support Plaintiffs' assumptions, and (2) brokers are trained to have specific knowledge about the selling requirements for products they discuss with the public. *See* Transcript at 590-95, Wind testimony.

among the disputed responses there is reliable evidence of additional confusion.

E. *The "Sun Life" Abbreviation*

According to the experts, the joint survey does not determine the amount of confusion generated solely by the use of "Sun Life" in both companies' names. *See* Transcript at 545, Passman; at 606-07, Wind testimony.

The survey results show that brokers responding to the short-form name "Sun Life" are indeed confused. Eighteen percent of SLA's brokers believe the name "Sun Life" is Canadian, 37% think it is American, and 46% gave "ambiguous" answers. Not surprisingly, SLC brokers generally believe the "Sun Life" name is Canadian, with 57% indicating a Canadian affiliation and only 5% saying it is American. In addition, thirty-three percent of the SLC brokers gave ambiguous responses. Of the brokers representing both companies, 32% believe "Sun Life" is Canadian, 30% belivee it's American, and 38% of the answers mentioned both options or gave no indication of the origin. Thus, according to the registered representatives who sell the products, the name "Sun Life" might be American or Canadian, neither or both.

F. *The Reasons For Confusion*

The absolute level of confusion among brokers is astounding. Credible testimony at trial established that licensed brokers, as a group, are reasonably well-trained in the characteristics of annuity products. *See* Transcript at 592-94, Wind testimony. Since the credit risk associated with the issuer of an annuity is one of the fundamental concerns a broker or investor should address, how can a presumably knowledgeable sales agent confuse the origin of an annuity product?

These survey results are at least partially attributable to the rapid growth and escalating complexity of financial

markets, coupled with the relatively recent changes in the traditional channels of distribution used by the insurance industry. In an effort to achieve the profitability provided through massive product placement, insurance companies have expanded the scope of their promotional activities from the now quaint concept of an agent selling policies in the home to a complex and sophisticated brokerage network.

Viewed in the context of the marketplace, the resulting name confusion makes sense. Plaintiffs and Defendants compete for high volume annuity sales in the same arena, selling to the same customers through the same channels of distribution. While SLA sells only fixed annuities at present, SLC sells both fixed and variable annuities, as well as a full range of traditional, mortality based life insurance products. Both parties' products are sold by many of the same brokerage firms, even by Plaintiffs' own subsidiaries. These independent sales agents distribute promotional materials using a variety of "Sun Life" names for both Sun Life of America and Sun Life of Canada. Both companies target upper and middle income customers of similar profiles. Both companies periodically make extensive media use of their "Sun Life" names. It is hardly surprising, then, that both companies' brokerage representatives are confused about a possible connection between the American and Canadian companies. On the other hand, such confusion would have been unlikely among the customers who bought traditional insurance products through the companies' former channels of distribution.

IV. LIKELIHOOD OF CONFUSION

SLA claims that SLC's use of "Sun Life (U.S.)" and "Sun Life" without a geographic modifier creates a likelihood of confusion with "Sun Life of America." SLC contends that SLA's "Sun Life of America" name generates a likelihood of confusion with "Sun Life of Can-

ada." In addition, Plaintiffs argue that Defendants' use of "Sun Financial Group" is confusingly similar to Sun-America's "Sun Financial Services." [18]

Liability under § 43(a) of the Lanham Act requires proof of the likelihood of confusion. 15 U.S.C. § 1125(a). Likelihood of confusion is a question of fact. *Jellibeans, Inc. v. Skating Clubs of Georgia, Inc.*, 716 F.2d 833, 839, 840 n. 16 (11th Cir.1983). This circuit has identified seven factors to consider in deciding whether a party's use of a contested mark is likely to cause confusion. *See Dieter v. B & H Indus.*, 880 F.2d 322, 326 (11th Cir.1989). In making its factual determination, the district court must evaluate the weight accorded to each subsidiary fact, rather than simply computing whether the majority of factors show a likelihood of confusion. *Jellibeans*, 716 F.2d at 840 n. 17. The seven factors are: (1) type of mark; (2) similarity of mark; (3) similarity of products; (4) similarity of distribution channels and customers; (5) similarity of advertising; (6) defendant's intent; and (7) proof of actual confusion. *Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1514 (11th Cir.1984).

A. *Type of Mark*

The first factor measures the distinctiveness of the mark. Marks are often classified into four categories of distinctiveness, in decreasing degrees of strength. "Arbitrary" and "suggestive" marks are regarded as being in-

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[18] This Court has previously determined that there is an overwhelming likelihood of confusion between "SunLife (U.S.)" and "Sun Life of America." *See* Order [#137], June 7, 1991, at 12-14. At trial, the parties did not dispute this conclusion. Also, neither party contested the Court's previous determination that "Sun Financial Group" is likely to be confused with "Sun Financial Services." *See id.* at 18-19. Instead, both parties rely on the existence of confusion to argue their respective legal conclusions. *See* Defendants' Proposed Conclusions of Law [#178], ¶¶ 6, 68; Supplement to Plaintiffs' Proposed Conclusions of Law [#184], ¶¶ 7, 20.

herently distinctive, while weaker "descriptive" and "generic" marks are nondistinctive. Inherently distinctive marks do not require proof of secondary meaning, while merely "descriptive" marks must have acquired distinctiveness through secondary meaning in order to be protected by the trademark laws. *Two Pesos, Inc. v. Taco Cabana, Inc.*, —— U.S. ——, ——, 112 S.Ct. 2753, 2758, 120 L.Ed.2d 615 (1992). "Generic" words can never be trademarks. Unfortunately, "[t]he demarcation between each category is more blurred than it is definite." *Investacorp, Inc. v. Arabian Inv. Banking Corp.*, 931 F.2d 1519, 1522 (11th Cir.1991); *see generally* 1 *McCarthy* § 11.01.

Descriptive marks simply identify a characteristic or quality of a product. *Investacorp*, 931 F.2d at 1522. When used to describe a product, they do not inherently identify a particular source, and hence cannot be protected unless they acquire a secondary meaning. *American Television and Communications Corp. v. American Communications and Television, Inc.*, 810 F.2d 1546, 1548-49 (11th Cir.1987). The difference between descriptive and generic terms is merely a difference of degree. *Id.* Also, marks designating the geographic location of a business are considered descriptive and are not inherently distinctive. *Investacorp*, 931 F.2d at 1522-23 (contrasting descriptive and suggestive marks). *See generally* 1 *McCarthy* §§ 11.05-.09.

The service marks at issue here are composed of the words "Sun Life" along with various geographic modifiers. The "Life" component obviously describes life insurance products sold by a life insurance company. Although SLA at one point attempts to characterize "Sun" as an arbitrary term weakened by third-party usage, Plaintiffs' Supplement [# 184] at ¶ 5(a), the Court finds that the composite marks, viewed as a whole, are descriptive and cannot be protected unless secondary meaning is proven.

A merely descriptive mark may acquire distinctiveness, otherwise known as "secondary meaning." 15 U.S.C. § 1052(e), (f). Secondary meaning arises when consumers connect the mark and the provider of a product. *Investacorp*, 931 F.2d at 1525.

> "In order to establish secondary meaning the plaintiff must show that the primary significance of the term in the minds of the consumer public is not the product but the producer." If the corporate name denotes to the consumer or purchaser "a single thing coming from a single source," then it has acquired secondary meaning.

American Television, 810 F.2d at 1549 (citations omitted). The factors to consider in determining whether a user's mark has acquired secondary meaning include length of use, nature and extent of advertising, efforts made to promote a connection between the mark and the user, and the extent of actual public association of the two. *Investacorp*, 931 F.2d at 1525.

Among the many exhibits introduced at trial are numerous examples of promotional materials used by both companies over at least a seventy-five year period in an effort to associate their service marks with their products. Both SLA and SLC have sold billions of dollars of insurance and annuities under their respective "Sun Life" marks. Both companies claim to have established secondary meaning in their marks. Based on evidence of the parties' long period of service mark usage, their extensive advertising and sales, and their continued efforts to promote an association between their respective names and their products, the Court finds that both parties have established secondary meaning for their corporate names "Sun Life of America" and "Sun Life of Canada."

The Court also notes that Defendants' registered marks "Sun Life of Canada" plus design and "Sun Life of Canada," # 830,779 and # 1,164,060 respectively, are

"incontestable," pursuant to § 15 of the Lanham Act, 15 U.S.C. § 1065. An incontestable mark is presumed valid, subject to certain enumerated defenses contained in Lanham Act § 33(b), 15 U.S.C. § 1115(b). Furthermore, an incontestable mark cannot be challenged on the grounds that it is merely descriptive and without secondary meaning. *See Park 'N Fly, Inc. v. Dollar Park and Fly*, 469 U.S. 189, 197-98, 105 S.Ct. 658, 663, 83 L.Ed.2d 582 (1985). This Circuit has held that incontestable status is one factor to consider in the likelihood of confusion analysis, but an incontestable mark "is presumed to be at least descriptive with secondary meaning." *Dieter*, 880 F.2d at 329.

B. *Similarity of Marks*

To evaluate the similarity of marks, a district court must consider "the overall impression created by the marks, including a comparison of the appearance, sound and meaning of the marks, as well as the manner in which they are displayed." *E. Remy Martin & Co. v. Shaw-Ross Int'l Imports, Inc.*, 756 F.2d 1525, 1531 (11th Cir.1985). As a general rule, "[w]here the goods and services are directly competitive, the degree of similarity required to prove a likelihood of confusion is less than in the case of dissimilar products." 2 *McCarthy* § 23.03 at 23-40 (citing cases).

The salient portion of the parties' disputed service marks is the term "Sun Life." Thereafter, the marks contain less important geographic modifiers which have little impact on a consumer's ability to distinguish a group of unassociated companies selling nearly identical products. The Court finds that Defendants' mark "Sun Life (U.S.)" is indistinguishable from Plaintiffs' "Sun Life of America." The Court further finds that the marks "Sun Life of America" and "Sun Life of Canada" are closely similar in sound, appearance, and overall commercial impression.

C. *Similarity of Products*

The third factor to consider is the similarity between the products and services provided by the parties. As the Former Fifth Circuit noted, "[t]he greater the similarity between the products and services, the greater the likelihood of confusion." *Exxon Corp. v. Texas Motor Exch.*, 628 F.2d 500, 505 (5th Cir.1980).

Here, both parties are insurance companies selling annuity plans. Although SLC also sells a broad range of insurance products and SLA presently sells only single premium deferred annuities, the parties' annuity products are very similar in a commercial sense. Even a sophisticated consumer could easily conclude that either company's annuity product originated with the other.

D. *Similarity of Distribution Channels and Customers*

Dissimilarities in the means of distribution and a difference in the type of consumers that purchase the parties' products lessen the possibility of confusion. *Id.* In this case, the parties' distribution channels overlap significantly and their potential customer base is identical.

Despite differences in their products, distribution systems, and customers during the first half of this century, the business strategies of the litigants have converged. Today, SLA and SLC occupy virtually the same niche in the financial services market. As the Court has noted, the two companies are presently engaged in providing similar products and services through similar channels of distribution to similar customers. Both companies market annuities through broker-dealers, a distribution channel both established in the early 1970's. In many instances, they sell their competing products through the same registered firms and even though the same individual brokers. Moreover, both companies target the same upper and middle income consumers. In short, the distribution and customers aspects of the annuity business

conducted by Plaintiffs and Defendants is virtually identical for trademark purposes.

E. *Similarity of Advertising*

Evidence presented at trial shows great similarity between the parties' advertising materials. Obviously, similarities in advertising can exacerbate the likelihood of confusion.

In the past, both parties have advertised annuity products extensively through national magazines and newspapers. Although neither is currently involved in substantial mass media advertising, both make full use of promotional materials distributed by sales agents and brokers. In many cases, brokerage firms distribute brochures and other sales information for both Sun Life of America and Sun Life of Canada.

F. *Defendant's Intent*

Although both litigants urge that the other intended to benefit from confusion caused by the similarities in their respective marks, the Court finds no credible evidence that either party adopted or used one of the disputed marks with the intent of deriving benefit from the reputation of the other. Without doubt, consumer confusion occasionally worked to one company's benefit and against the other. Neither party, however, presented persuasive evidence that the other engaged in a willful attempt to benefit from its competitor's goodwill.

G. *Proof of Actual Confusion*

Actual consumer confusion is the best evidence of the likelihood of confusingly similar marks. *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1543 (11th Cir.1986). Although there is no scale by which to balance the weight of actual confusion against the other factors, cases in this circuit indicate that evidence of actual confusion weighs most heavily in the finding. *See, e.g., Dieter*, 880 F.2d

at 326; *E. Remy Martin & Co. v. Shaw-Ross Int'l Imports, Inc.*, 756 F.2d 1525, 1529 (11th Cir.1985).

Evidence presented at trial showed conclusively that actual confusion between the various "Sun Life" marks is a common occurrence. Confused customers regularly call the wrong company for annuity information, or mail checks and applications to the wrong address several times each week. Poorly identified "Sun Life" advertisements create buyer interest in the competing company's product. A customer consents to a sales appointment, confusing the calling company's identify with its competitor. Confusion exists when salespeople fail to attend a seminar because they misidentify the issuer of the product; when newspapers confuse the names of the parties in reporting financial events; and when registered brokers routinely must be told which company a product manager does *not* represent.

Consistent with the abundance of anecdotal evidence, the parties' joint survey reveals a remarkable amount of actual confusion among those professional salespeople most likely to understand important product and issuer distinctions. Both parties agree that 57% of SLC brokers are definitely confused by the name "Sun Life of America," 59% of SLA brokers are confused by "Sun Life (U.S.)," and 35% of SLA brokers are confused by "Sun Life of Canada." Having examined the totality of the circumstances surounding the time and type of trademark usage, the Court finds overwhelming evidence that actual confusion exists among the disputed "Sun Life" marks. *See Jellibeans*, 716 F.2d at 844.

Thus, with the exception of the intent factor, all subsidiary facts indicate a powerful likelihood of confusion among the various "Sun Life" marks. Weighing the evidence of 'actual confusion most heavily, the Court concludes that the parties' "Sun Life" marks are highly similar and that there is a substantial likelihood of confusion even when the companies' full names are used.

CONCLUSIONS OF LAW

This Court has jurisdiction over the subject matter of the complaint and counterclaim under 15 U.S.C. § 1121, 28 U.S.C. § 1338, 28 U.S.C. § 1331, and the Court's supplemental jurisdiction, Venue is proper under 28 U.S.C. § 1391(b). Personal jurisdiction is not contested.

V. DEFENDANTS' COUNTERCLAIM

SLA's principal claim is based on section 43(a) of the Lanham Act, which provides liability for any organization using a trade name that is likely to cause confusion as to the origin of its products, or that misrepresents the origin of its products. *See* 15 U.S.C. § 1125(a). SLC counterclaimed as a prior user, acknowledging an intolerable level of confusion and challenging Plaintiffs' trademark rights in the name "Sun Life of America."

To merit injunctive relief under section 43(a), a claimant must establish:

(1) trademark rights in the disputed mark; and

(2) that defendant adopted the same or a confusingly similar mark, thereby creating a likelihood of confusion for consumers as to the true origin of the goods.

Conagra, Inc. v. Singleton, 743 F.2d 1508, 1512 (11th Cir.1984). Thus, to prevail on its counterclaim, Sun Life of Canada must first establish a prima facie case by showing that it has enforceable rights in its name, and that Plaintiffs' use of "Sun Life of America" creates a likelihood of confusion.

(1) *Trademark Rights*

The Court finds that Sun Life of Canada is the senior user of the "Sun Life" marks, having continuously used "Sun Life of Canada" in the United States since 1895 and the "Sun Life" abbreviation at least since 1914. In

addition, its commercial success after entering the United States indicates that SLC achieved secondary meaning in the "Sun Life of Canada" and "Sun Life" marks prior to Plaintiffs' adoption of its "Sun Life Insurance Company of America" name in 1916. Accordingly, Defendants have a protectable property interest in their "Sun Life" marks.[14] *See Investacorp*, 931 F.2d at 1552 (if a mark is not inherently distinctive, a company obtains rights when the mark attains secondary meaning). *See also* 1 *McCarthy* § 16.12.

(2) *Likelihood of Confusion*

As discussed above, the Court finds that a likelihood of confusion exists between the names "Sun Life of America" and "Sun Life of Canada."

VI. PLAINTIFFS' ACQUIESCENCE DEFENSE

In response to Defendants' Lanham Act claim, SLA asserts the affirmative defense of acquiescence. In essence, Sun Life of America argues that SLC knew of and affirmatively consented to SLA's use of the "Sun Life of America" and "Sun Life Insurance Company of America" service marks. The Court agrees.

"Acquiescence" is an equitable defense denoting active consent by the trademark owner to another's use of the mark.[15] If acquiescence is proven, the trademark owner

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[14] As previously noted, Defendants' "Sun Life of Canada" mark was registered in 1967 and is incontestable, pursuant to the provisions of 15 U.S.C. § 1065 and subject to the defenses enumerated in § 1115(b).

[15] Discussing the semantic confusion between "acquiescence" and "laches," *McCarthy* observes: "To preserve some semantic sanity in the law, it is appropriate to reserve the word 'acquiescence' for use only in those cases where the trademark owner, by affirmative word or deed, conveys its implied consent to another. That is, laches denotes a merely passive consent, while acquiescence implies active consent."

3 *McCarthy* § 31.14[1].

is estopped from asserting dormant rights against an infringer. *See Coach House Restaurant, Inc. v. Coach and Six Restaurants, Inc.*, 934 F.2d 1551, 1558 (11th Cir. 1991). The acquiescence defense requires proof of three elements:

(1) that the owner actively represented it would not assert a right or claim;

(2) that the delay between the representation and the assertion of the right or claim was not excusable; and

(3) that the delay caused the alleged infringer undue prejudice.

Id. In this case, the facts show that Sun Life of Canada acquiesced to Plaintiffs' use of the allegedly infringing marks.

(1) *Affimative Representations*

Evidence produced at trial establishes that SLC affirmatively consented to SLA's use of "Sun Life of America" through at least 1980. Nor do Defendants contest this first element of acquiescence. *See* Defendants' Proposed Conclusions of Law [# 178], ¶ 12; Defendants' Proposed Findings of Fact [# 178], ¶ 63.

In 1916, Sun Life of Canada protested Sun Life of America's name change, recommended that the parties endeavor to avoid confusion, and wished the American company "a full measure of success." During the 1950's and 1960's, SLC assisted in Plaintiff's expansion by consenting to SLA's entry into various states. In 1973, Defendant wrote to complain about frequent reports of confusion caused by the similarity in names and emphasized the importance of including the words "of America" in Plaintiff's printed materials. The 1980 Settlement Agreement expressly noted the "long and continuous use" of each party's service marks in commerce, promising that

if SLA "adopts Sun Life Group of America as its corporate name and/or service mark, Sun Life Canada consents to such use." The proposed settlement agreement drafted by Sun Life of Canada in 1982, although never signed, indicates that SLC still intended to use geographic modifiers to resolve "confusion in the marketplace" arising from both parties' use of "Sun Life."

Thus, Sun Life of Canada represented over a period of more than sixty years that it would not assert a claim against Plaintiffs' use of the "Sun Life" mark. The Court concludes that Sun Life of Canada actively consented to and assisted Sun Life of America in establishing goodwill and commercial value in the "Sun Life of America" name.

(2) *Inexcusable Delay*

Sun Life of Canada claims that the delay in asserting its trademark rights until 1989 is excusable because it was not until the late 1980's that the parties first sold the same products through the same channels of distribution to the same kinds of customers. This claim simply does not comport with the evidence adduced at trial.

First, the parties need not be in direct competition, nor must their products be identical, to support a finding of infringement by a junior user. *See Forum Corp. of North America v. Forum, Ltd.*, 903 F.2d 434, 442 (11th Cir. 1990). Confusion, or the likelihood of confusion, is the real test. *Continental Motors Corp. v. Continental Aviation Corp.*, 375 F.2d 857, 861 (5th Cir.1967).

Second, the evidence shows that the parties were competitors in several respects for many years and were engaged in selling the same products through the same channels to the same customers at least by the mid-1970's. Beginning in 1916, SLC repeatedly pointed out the real danger of public confusion in its communications with SLA. At first, SLC's concerns were based on no more than the fact that both companies sold insurance in the

United States. Over time, as the parties' products and sales strategies evolved, Sun Life of Canada became even more concerned, threatening to resort to litigation as early as 1979.

Ordinary life insurance has long been the principal source of revenue for Sun Life of Canada. SLA sold ordinary life insurance in small amounts through general agents in the 1920's, increasing its emphasis on the product in 1952 by creating a general agency division. By 1963, the majority of its premium income came from the sale of ordinary life insurance, and by 1973 ordinary life premiums represented 75% of its business.

Both companies have sold annuities for many years, as well. Sun Life of Canada had established its annuity business before 1915. Sun Life of America was selling annuities by the 1920's. In 1973, SLA began selling single premium deferred annuities through independent broker-dealers at the same time that SLC began selling variable annuities through its wholly-owned broker-dealer subsidiary SUNESCO. Frequent reports of public confusion in 1973 prompted SLC's Director of Public Relations to complain about SLA's advertising, cautioning: "I think we have to expect that there will always be some degree of confusion over identification." When SLC acquired Massachusetts Financial Services in 1982, SLA was already established in the broker-dealer market. The facts show that Sun Life of Canada fully appreciated the danger of confusion in 1980 and 1982 when it negotiated two agreements intended to resolve the escalating tensions by appending geographic modifiers to the various "Sun Life" names.

While it is true that the senior user of a mark has no obligation to sue until "the likelihood of [public] confusion looms large," Defendants' Proposed Conclusions of Law [# 178], ¶ 13 (quoting 3 *McCarthy* § 31.06 [2][a]), Sun Life of Canada recognized early and com-

plained frequently about the increasing levels of public confusion caused by the similarity in names. The Court concludes from the evidence that Sun Life of Canada's delay in asserting its trademark rights through a counterclaim filed in 1989 is not excusable.

(3) *Undue Prejudice*

The third element of the acquiescence defense requires proof that Sun Life of America would suffer undue prejudice from Defendants' inexcusable delay in filing suit. Although this element presents a close question at this point in time, the Court is persuaded that SLA would lose some material amount of goodwill in its "Sun Life" name if it is forced to cease using the mark.

Unquestionably, SLA built considerable goodwill during the long period of SLC's affirmative consent to its expansion. However, Sun Life of America became known to consumers primarily as an insurance company and SLA no longer sells insurance. In addition, the Court recognizes that since 1989 Plaintiffs have widely used the "SunAmerica" name in marketing their annuity products.

On the other hand, SLA's goodwill was not based on life insurance alone, nor was all of its goodwill surrendered when the company exited the insurance business. Trial testimony established that single premium deferred annuities have long been a part of SLA's product base. As a consequence, annuity sales through the years also contributed to the accumulation of goodwill. Even though the company may have sold its life insurance portfolio, it retained and expanded its annuity business, continuing to build on the goodwill previously established. Moreover, the trust and confidence consumers developed in the company's insurance products likely carried over into its annuity sales.

On balance, the Court finds that SLA retains a quantum of goodwill attributable to its long history of insur-

ance and annuity sales under the "Sun Life of America" mark. Accordingly, the company will suffer undue prejudice from a change in name.

II. INEVITABLE CONFUSION

The Court has determined that Defendants have protectable property rights in their "Sun Life" marks; that Plaintiffs' use of similar marks presents a likelihood of confusion; and that Defendants have acquiesced in Plaintiffs' use of the confusingly similar marks. As earlier noted, acquiescence will estop Sun Life of Canada from extinguishing Sun Life of America's use of its mark unless there is an inevitability of confusion. *SunAmerica Corp. v. Sun Life Assurance Co. of Canada,* 24 U.S.P.Q.2d 1505, 1510, 974 F.2d 1348 (11th Cir.1992). The Eleventh Circuit recently explained:

> Although petitioner has acquiesced in use of their logo by the registrant, the public interest in preventing confusion around the marketplace is paramount to any inequity caused the registrant. Consequently, if there is an inevitability of confusion, petitioner's law suit may be revived from estoppel.

Coach House Restaurant, Inc. v. Coach and Six Restaurants, Inc., 934 F.2d 1551, 1564 (11th Cir.1991) (citing *Iodent Chem. Co. v. Dart Drug Corp.*, 207 U.S.P.Q. 602 (T.T.A.B. 1980)). Thus, even if a junior user establishes the equitable defense of acquiescence, the prior user will not be estopped to assert trademark rights "if the identity of the marks and goods of the parties are such that confusion or mistake in trade is inevitable." *Iodent,* 207 U.S.P.Q. at 606.

The standard for finding an inevitability of confusion is "an increment higher" than the standard for finding a likelihood of confusion. *Coach House,* 934 F.2d at 1564. In the present case, that additional increment is easily satisfied by the abundance of evidence provided by wit-

nesses and by the proof of actual confusion found in the results of the joint survey.

Although by no means the only proof of confusion, the survey results provide a quantitative assessment of a "definitely confused" market even when the companies' full names are used. Courts have been willing to tolerate low levels of consumer confusion, but levels falling within the 25% to 50% range are viewed as excessive. *See generally* 3 *McCarthy* § 32.54[1][c] (citing cases). In this case, definite confusion ranged from 15% to 35% on average among brokers representing both companies, exceeded 60% among SLC's brokers asked about the American company, and averaged between 28% and 59% of SLA's registered representatives questioned about the Canadian entities. Moreover, the survey's measure of definite confusion understates the true amount of broker confusion, since it excludes those respondents who were "probably" and "possibly" confused.

In a more qualitative sense, the Court is acutely aware that annuity investments are often of critical importance to the people who make them, representing as they do the expectations of a secure retirement income derived from the proceeds of one's life savings.[16] Consequently, the fact that even 15% to 20% of those making such an investment decision are definitely confused about the identity of the issuer is far less tolerable than if the same consumer were buying a household cleanser or a restaurant meal.

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[16] John O'Leary, Sun Life of America's advertising chief, described the customers targeted by his direct response program:

> [P]ersons with accumulated wealth, and by definition that would be people over the age of 50, generally, many even over the age of 60 that have accumulated wealth and are looking for ways to enhance their savings of that wealth and to enhance their investment opportunities and to gain the advantages of tax deferral.

Transcript, p. 264, O'Leary testimony.

In light of these considerations, the Court concludes that the undisputed levels of definite confusion proven by the joint survey, together with other evidence of actual confusion as described above, establish inevitability of confusion even when the litigants use their full company names. Consequently, geographic modifiers will not cure the problem. Given the close similarity in service marks and the virtual identity of the parties' products, channels of trade, customer base, and advertising media, the public interest becomes the Court's dominant consideration. *See The Ultra-White Co. v. Johnson Chem. Indus., Inc.*, 465 F.2d 891, 893-94 (C.C.P.A. 1972). In this instance, the public interest in preventing intolerable confusion in the marketplace requires the revival of Defendants' prior trademark rights. Accordingly, Defendants are entitled to an injunction barring Plaintiffs' continued use of a "Sun Life" mark.

VIII. "SUN FINANCIAL GROUP" AND "SUN FINANCIAL SERVICES"

Plaintiffs contend that Defendants' use of "Sun Financial Group" is confusingly similar to SunAmerica's "Sun Financial Services." Plaintiffs assert two claims for cancellation against Defendants' federal registration of "Sun Financial Group," issued by the Patent and Trademark Office on April 21, 1987. First, SLA seeks cancellation pursuant to § 2(d) of the Lanham Act, 15 U.S.C. § 1052(d), on the ground that SLA's prior use established protectable rights in the similar name "Sun Financial Services." Plaintiffs base a second cancellation claim on section 14(3) of the Lanham Act, 15 U.S.C. § 1064(3), contending that SLC's mark is being used to misrepresent the source of its products. Alternatively, SLA seeks to require SLC to use the geographic modifier "of Canada" with its "Sun Financial Group" mark.

As noted, neither party contests the Court's previous determination that "the undisputed material facts indicate

a likelihood of confusion between 'Sun Financial Group' and 'Sun Financial Services.'" Order, June 7, 1991, at 18-19. Therefore, the Court will not re-examine the seven likelihood of confusion factors discussed at length above, but simply reiterate its factual finding that the two descriptive marks are likely to cause confusion.

To cancel Defendants' registration under section 2(d) of the Lanham Act, Plaintiffs must show:

(1) that the registered mark resembles Plaintiffs' mark;

(2) that Plaintiffs acquired trade identity rights in the mark before Defendants used the mark; and

(3) that the registered mark is likely to cause confusion.

Coach House, 934 F.2d at 1559; *see also Tally-Ho, Inc. v. Coast Community College Dist.*, 889 F.2d 1018, 1025-26 (11th Cir.1989) (discussing infringement of a common law mark).

Although Plaintiffs are the senior users of the "Sun Financial Services" mark, the second element requires that they must have obtained protectable trade rights in the mark prior to SLC's first use of "Sun Financial Group" in April, 1986. Because the service marks at issue here are no more than descriptive marks, this means that the name "Sun Financial Services" must have acquired secondary meaning before Defendants' usage began. *See Coach House*, 934 F.2d at 1560; *see also Towers v. Advent Software, Inc.*, 913 F.2d 942, 945-46 (Fed.Cir.1990) (petitioner for cancellation of a federally registered trademark must show that his unregistered and previously used term had acquired secondary meaning so as to create trade identity rights).

The evidence in this case does not support SLA's claim that "Sun Financial Services" gained secondary meaning

by April, 1986. Indeed, "Sun Financial Services" was used sparingly prior to Defendants use and registration of "Sun Financial Group." SLA's infrequent use of the name as a return address on coupons and postcards was not sufficient to create an association between the term and Plaintiffs' products in the minds of consumers. "Sun Financial Services" was never more than the informal name of a marketing division, and was used interchangeably with other generic identifiers such as "Financial Services Division." Consequently, Plaintiffs have no protectable rights in "Sun Financial Services" sufficient to support cancellation of Defendants' federal registration under Lanham Act § 2(d).

To prevail on their § 14(3) claim, Plaintiffs must show that Defendants engaged in a "deliberate and blatant misrepresentation of source wherein the registration is merely a vehicle for the misuse rather than evidence of even a colorable ownership claim." *Global Maschinen GmbH v. Global Banking Sys., Inc.*, 227 U.S.P.Q. 862, 863 n. 3, (T.T.A.B.1985). In other words, this cancellation statute requires proof of a "blatant, aggressive misuse of a registered mark . . . in order to trade upon the renown and reputation" of the party seeking cancellation. *McDonnell Douglas Corp. v. National Data Corp.*, 228 U.S.P.Q. 45, 46 (T.T.A.B.1985); *see also* 2 *McCarthy* § 20.15[6] (a cancellation claim under § 14(3) "requires a pleading that registrant deliberately sought to pass off its goods as those of petitioner. Willful use of a confusingly similar mark is not sufficient.").

Plaintiffs here offered no such proof. There is no evidence that Sun Life of Canada desires to pass off its products as those of Sun Life of America. Nor is there evidence to support a charge that SLC has attempted to trade on the strength of the American company's reputation. Plaintiffs do not dispute that SLC enjoys an excellent reputation of its own. Financial data shows that the Canadian company is the larger and more profitable of the two and is rated in the top 2% of insurance com-

panies by *Best's Insurance Reports*. In short, the contention that Sun Life of Canada would deliberately confuse the source of its products in order to trade on the reputation of Sun Life of America is implausible.

The Court concludes that Plaintiffs have failed to prove essential elements of their cancellation claims under sections 2(d) and 14(3) of the Lanham Act. Accordingly, Plaintiffs' claim for cancellation or modification of Sun Life of Canada's federal registration of "Sun Financial Group" must be denied.

IX. MISCELLANEOUS MATTERS

A. *Defendants' Other "Sun" Marks*

Plaintiffs also seek cancellation, under section 14(3), of eleven registered "Sun" marks owned by Sun Life of Canada. Plaintiffs charge that SLC used these marks to misrepresent the source of its products and that SLC abandoned the registrations. Alternatively, SLA wants the Court to order SLC to use a geographic identifier with the registered marks.[17]

Plaintiffs offered no evidence that these marks were used in an attempt to misrepresent Sun Life of Canada products as those originating with Sun Life of America. Also, the Court finds no proof that any of the eleven marks have been abandoned. Accordingly, SLA's claim for cancellation of SLC's federally registered marks is denied.

B. *Plaintiffs' State Law Claims*

Plaintiffs' Counts VI, VII, and VIII seek relief under various state and common law theories, including O.C.G.A. §§ 23-2-55, 10-1-370, and 10-1-422, for unfair

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[17] The eleven marks are: "Sun Ultraterm," "Sun Execumaster," "Sun Interestmaster—Q," "Sun Interestmaster," "Sun Pensionmaster," "SunPlan 2," "Sun Lifemaster," "Sunplan," "Sun Fund," "Sun Fund" and design, and "Follow the Sun For Life."

competition, deceptive trade practices, and false advertising. Plaintiffs maintain that "[t]he standards pertinent to these claims mirror those applied under section 43(a) of the Lanham Act." Supplement to Plaintiffs' Proposed Conclusions of Law [# 184], at 16; *accord Jellibeans*, 716 F.2d at 839, 846; *University of Georgia Athletic Ass'n v. Laite*, 756 F.2d 1535, 1539 n. 11 (11th Cir. 1985). Having concluded that SLA cannot prevail on its Lanham Act claims, the Court rejects SLA's state and common law claims as well.

C. *The "SunAmerica" Counterclaim*

In Count V, Sun Life of Canada challenges Sun Life of America's rights to and registration of the "SunAmerica" mark, contending that SLA's predecessor-in-interest abandoned its use of the mark before assigning it to Sun Life of America.

Proof of abandonment requires proof of the owner's nonuse and intent not to resume use. *See Investacorp*, 931 F.2d at 1525; *Remy Martin*, 756 F.2d at 1532 & n. 28. SLC failed to present evidence sufficient to establish an abandonment claim based on the conduct of the previous user of "Sun America."

D. *Attorney's Fees*

A district court may award attorneys' fees to the prevailing party "in exceptional cases." 15 U.S.C. § 1117. Exceptional cases are those that involve "acts which the courts have characterized as malicious, fraudulent, deliberate, and willful." *Jellibeans*, 716 F.2d at 846 (citation omitted). Even if the court finds that the circumstances are exceptional, the decision to award fees is still discretionary. *Dieter*, 880 F.2d at 329.

Neither party is entitled to attorneys' fees in this case. The long history of product, market, and organizational changes that forms an integral part of the "Sun Life" saga demonstrates that each party had ample reason for

continuing to use its traditional name. The evidence suggests no trace of conduct sufficiently bad to justify the imposition of statutory attorneys' fees.

X. CONCLUSION

The Court has determined that Defendants established protectable rights in the "Sun Life of Canada" and "Sun Life" marks prior to Plaintiffs' first use of the mark "Sun Life of America" in 1916. By subsequently approving and encouraging its competitor's expansion, Sun Life of Canada acquiesced in Plaintiffs' use of a confusingly similar mark, "Sun Life of America." Today, anecdotal and survey evidence convincingly shows that consumer confusion between the various full-name "Sun Life" marks is inevitable. Therefore, the Court ORDERS that Plaintiffs are hereby ENJOINED from further use of any "Sun Life" mark, as well as from further use of "Sun Financial Services."

SO ORDERED.

ORDER OF THE COURT

This trademark action is before the Court of Plaintiff's Motions to Alter or Amend Judgment [# 187-1], for Stay Pending Appeal [# 187-2], and for New Trial [# 188-1]; and Defendant's Motions for Leave to File a Further Response [# 193-1] and Emergency Motion to Vacate Stay [# 204-1]. As an initial matter, Defendant's Motion for Leave to File an additional response [# 193] is unopposed, Local Rule 220-1(b), and is GRANTED for good cause shown.

I. BACKGROUND

The case was before the Court for a non-jury trial during November and December, 1993. The Court determined that Defendants established protectable rights in the "Sun Life of Canada" and "Sun Life" marks prior to Plaintiffs' first use of the mark "Sun Life of America".

While Sun Life of Canada subsequently acquiesced in Plaintiffs' use of a confusing similar mark, evidence demonstrated an inevitable confusion between the two "Sun Life" marks. Thus, in August of 1994, Plaintiff was enjoined from further use of the "Sun Life" or "Sun Financial Services" marks.

Subsequently, Plaintiff's Motion for Stay of Judgment was granted pending this Court's decision on the Motion for Stay Pending Appeal to allow the parties time to address the relative merits of a further stay. An evidentiary hearing was held in March, 1995, regarding continuing the stay pending appeal.

II. MOTIONS FOR NEW TRIAL/ALTER JUDGMENT

Plaintiff moves to alter or amend judgment under Fed.R.Civ.P. 59 and 60, based on inability to immediately conform to the injunction issued in August of 1994. This motion was, in effect, granted by the issuance of the temporary stay of judgment in September 1994. This Motion is DENIED AS MOOT.

Plaintiff also moves for a new trial based on its contention that the Court erred in its application of the law. Plaintiff first alleges that the Court misapplied the "inevitability of confusion" doctrine to invalidate Plaintiff's equitable defense of acquiescence. Plaintiff also asserts that some of the cases relied upon in an opinion cited by the Court are inapplicable to the instant case. Finally, Plaintiff claims that problem of intolerable confusion was created by Defendant and that the confusion can be reduced by means other than ceasing to use a mark.

A motion for new trial is governed by Fed.R.Civ.P. 59(a). Grounds for granting a new trial in an action tried without a jury are manifest errors of law, manifest errors of fact, and newly discovered evidence. *In re Devault Mfg. Co.*, 4 B.R. 382 (Bkrtcy.Pa.1980), aff'd 14 B.R. 536 (D.C.Pa. 1980). If the motion is based

on a legal error, the error of law must prejudice a party's substantial rights to warrant a new trial. *See Finch v. City of Vernon*, 877 F.2d 1497, 1504 (11th Cir.1989); *Diane Mfg. Co. v. Sheffield Indus. Inc.*, 514 F.Supp. 185, 186 (S.D.Fla.1981), *aff'd*, 685 F.2d 1387 (11th Cir. 1982).

The Court has carefully reviewed Plaintiff's arguments and finds them without merit. Plaintiff's Motion has failed to cite any legal error which would change the Court's prior determination as to the inevitability of confusion doctrine. *See, e.g., Coach House Restaurant v. Coach and Six Restaurants, Inc.*, 934 F.2d 1551, 1564 (11th Cir.1991); *SunAmerica Corp. v. Sun Life Assurance Co. of Canada*, 24 U.S.P.Q.2d 1505, 1510, 974 F.2d 1348 (11th Cir.1992) (unreported in F.2d) (Birch, J., concurring). The Court is not persuaded by Plaintiff's argument that a case cited by the Court is inapplicable in the instant case. Moreover, even were the attempted distinction meritorious, it would not warrant a new trial.

Finally, Plaintiff failed to establish at trial or post trial that its factual contentions are supported by the evidence. Defendant has shown that confusion is inevitable, even if both companies continue to use the names "Sun Life of America" and "Sun Life of Canada". (Order of August 22, 1994, p. 47). Consistent use of geographic modifiers are not sufficient to prevent the high levels of confusion. Contrary to Plaintiff's assertions, Defendants did not cause the present confusion by entering channels of trade in which Plaintiff had prior rights. In fact, Defendants were selling fixed annuities through broker dealers prior to Plaintiff. (*See id.*, pp. 9-10). The broker-dealer channel of distribution cannot be convincingly subdivided into independent and non-independent broker dealers, as Plaintiff argues.

Furthermore, Defendants have not used the name "Sun Life (U.S.)," which precipitated Plaintiff's suit, since May, 1992. Nevertheless, the 1993 survey indicated that

the broker dealers who advise the public and sell annuities to the public cannot distinguish between Sun Life of Canada and Sun Life of America. (*Id.*, at 21-29). Therefore, Plaintiffs have not shown that the present confusion is the result of Defendant's actions. Thus, Plaintiff's motion is DENIED.

III: STAY PENDING APPEAL/EMERGENCY MOTION TO VACATE STAY

Plaintiff seeks a stay pending appeal of this Court's injunction against further use of the marks "Sun Life" and "Sun Financial Services."

Under Fed.R.Civ.P. 62(c), a court may stay an injunction pending appeal. Considerations governing a stay pending appeal are similar to those for an injunction. Movant must show a likelihood of success on the merits, irreparable injury if relief is not afforded, no substantial harm to other interested parties, and no harm to the public interest. *In re Grand Jury Proceedings,* 689 F.2d 1351, 1353 (11th Cir.1982) (per curiam). If the other three factors weigh heavily in favor of a stay, the movant need only show a "substantial case" on the merits of a serious legal question. *Ruiz v. Estelle,* 650 F.2d 555, 565-66 (5th Cir.1991) (per curiam), cert. denied 460 U.S. 1042, 103 S.Ct. 1438, 75 L.Ed.2d 795 (1983).

Success/Substantial Question on the Merits

Upon review of the record and this Court's previous findings, the Court concludes that there is no substantial question on the merits, due to the astounding level of confusion and the public interest in minimal confusion. (*See* Order of August 22, 1994).

Irreparable Injury

Plaintiff has not established that it will suffer irreparable injury. Based upon the evidence presented, the Court finds that a name change would not be irrevocable and

that Plaintiff could reverse the process should Plaintiff succeed on appeal. (*See* McCartney Affidavit); Ariz. Rev.Stat.Ann. § 20-218 (1994). Some expense and inconvenience will be involved in changing the name. However, Plaintiff has failed to show irreparable harm by the cost alone of the change. Expense alone, even if substantial, does not demonstrate irreparable harm. *See Sampson v. Murray,* 415 U.S. 61, 90, 94 S.Ct. 937, 953, 39 L.Ed.2d 166 (1994). The expense alleged by Plaintiff to make the change is not great when compared to the volume of Plaintiff's business.

Further, no legal or financial obstacle exists to Plaintiff ceasing to sell annuities under the Sun Life of America name. Plaintiff has been adept at creating new companies to sell financial products and in changing the business of existing companies in order to adapt to changing situations.[1]

Plaintiff moved into the fixed annuities market from a company which originally sold only industrial and later traditional life insurance. Sun Life of America no longer sells traditional life insurance but sells only fixed annuities through an entirely different channel of trade and to an entirely different market. Therefore, the good will inherent in the name as presently used by Plaintiff is limited. In addition, the Court finds that the options suggested by Defendants, such as private labelling or coinsurance under Anchor National, are viable. (*See* Transcript of March 1995 Hearing). However, the Court will allow Plaintiff to determine the manner in which it complies with the Court's injunction.

Finally, Plaintiffs increased identification with the name "SunAmerica" (*See* Plaintiff's Response to Emergency Motion, Exhibits A & B) diminishes the damage it will receive. Plaintiff's new marketing campaign, the first it

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[1] For example, Plaintiff recently created SunAmerica National Life Insurance Company. (*See* Defendant's Emergency Motion).

has directed at the public, uses the name and sundial logo of SunAmerica prominently. (*Id.*) Accordingly, Plaintiff has failed to demonstrate that the harm from changing the "Sun Life" mark is irreparable.

Harm to the Public Interest

An important factor to be considered is the public interest in granting a stay. The public interest in minimal confusion is great. The 1993 survey conducted to measure the level of confusion among registered brokers found an absolute level of confusion that is astounding. (Order of August 22, 1994, pp. 21-29). Licensed brokers, as a group, are reasonably well-trained in the characteristics of annuity products. Moreover, the survey's measure of definite confusion understates the true amount of broker confusion, since it excludes those respondents who were "probably" and "possibly" confused. The results of the survey were consistent with an abundance of anecdotal evidence indicating confusion. (*Id.*)

The high level of confusion is the more serious because of the product involved. Members of the public must make decisions which affect their financial futures and involve billions of dollars of their savings. They rely on these investments to provide security for retirement. The differing financial security ratings of the two companies [2] suggest that investors may seek the more stable company for their investments. Thus, excessive confusion in the marketplace can result in investors choosing a certain product because they misunderstand its origin.

Such confusion is exacerbated by other factors. Both parties' products are sold by many of the same brokerage firms, even by Plaintiffs' own subsidiaries. Both companies target upper and middle income customers of similar

[2] Sun Life of Canada is rated higher by both Best's and Standard and Poors. (Transcript of March 1995 Hearing; Order of August 22, 1994, p. 21).

profiles. The Court also found that the marks "Sun Life of America" and "Sun Life of Canada" are closely similar in sound, appearance, and overall commercial impression. Regardless of the Court's finding with the other factors to be considered in granting a stay, the public interest demands that Plaintiff market its securities in a manner that will indicate to the public the true origin of the securities.

The Injunction

Accordingly, based upon this finding of intolerable confusion, the Court entered the injunction at issue on August 22, 1994. The injunction was stayed shortly thereafter to allow Plaintiff an opportunity to mitigate the effect of the Court's Order. At the March hearing, the Court unequivocally advised Plaintiff that any future marketing of fixed annuities would not be allowed under the name "Sun Life of America" because of the real danger of confusion to the public. However, Plaintiff failed to propose an Order that would comply with the Court's instructions.

In that regard, the Court is concerned by Plaintiff's recent launching of a large consumer marketing campaign, which uses the marks "Sun Life" and "Sun Life of America", albeit in conjunction with the SunAmerica name. (*See* Defendants' Emergency Motion, Exhibit C; Plaintiff's Response, Exhibit A; Defendant's Reply, Exhibits B & C). Plaintiff's actions violate the Court's specific instructions from the March 1995 hearing. Plaintiff's aggressive continued use of the "Sun Life" name while this Motion is pending takes advantage of the Court's attempt to accommodate Plaintiff pending its appeal. Moreover, Plaintiff apparently cannot prevent the use of "Sun Life" without the geographic modifier, even by its own employees. (*See* Defendant's Exhibit C; Plaintiff's Response, pp. 3-4; *see also* Order of August 22, 1994, p. 20). This is further demonstration that the use of geographical modifiers is insufficient to mitigate the confusion.

Therefore, Plaintiff's Motion for a Stay Pending Appeal is DENIED. In view of the extended length of time already consumed in attempting to accommodate Plaintiff, no further delay will be permitted. After 45 days from entry of this Order, the stay previously entered in this case will be VACATED. During the interim period, Plaintiff is specifically enjoined from the use of "Sun Life of America" or "Sun Life" in its consumer advertising.

IV. CONCLUSION

Accordingly, based on the foregoing analysis, Plaintiff's Motion to Alter or Amend Judgment [# 187-1] is DENIED AS MOOT. Plaintiff's Motions for Stay Pending Appeal [# 187-2], and for New Trial [# 188-1] are DENIED. Therefore, forty-five (45) days from entry of this Order, the stay previously entered in this case will be VACATED. During the interim period, Plaintiff is specifically enjoined from the use of "Sun Life" of America" or "Sun Life" in its consumer advertising. Defendant's Motion for Leave to File a Further Response [# 193-1] is GRANTED. Defendant's Emergency Motion to Vacate [# 204-1] is DENIED AS MOOT.

SO ORDERED, this 7th day of June, 1995.

APPENDIX D

[Filed May 14, 1996]

IN THE UNITED STATES COURT OF APPEALS
FOR THE ELEVENTH CIRCUIT

No. 95-8751

SUNAMERICA CORPORATION, a Delaware Corporation, f/ka SUN LIFEGROUP OF AMERICA, SUNLIFE INSURANCE COMPANY OF AMERICA, a Maryland Corporation,
Plaintiffs-Counter/Defts-Appellants,

versus

SUN LIFE ASSURANCE COMPANY OF CANADA, A Canadian Corporation, SUN LIFE ASSURANCE COMPANY OF CANADA, (U.S.), a Delaware Corporation,
Defendants-Counter/Claim/Defendants.

On Appeal from the United States District Court
for the Northern District of Georgia

Before: DUBINA and CARNES, Circuit Judges, and MILLS*, District Judge.

PER CURIAM:

The petition(s) for rehearing filed by SUNAMERICA CORP., ETAL, is denied.

ENTERED FOR THE COURT:

/s/ E. L. Carnes
United States Circuit Judge

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* Honorable Richard Mills, U.S. District Judge for the Central District of Illinois, sitting by designation.

APPENDIX E

TRADEMARK ACT OF 1946, AS AMENDED

(reflects amendments made by Public Law 100-667, the Trademark Law Revision Act of 1988, which becomes effective November 16, 1989)

Public Law 79-489, Chapter 540, approved July 5, 1946; 60 Stat. 427

Included in this reprint are amendments:

—to repeal section 40, May 24, 1949 (63 Stat. 109);

—to section 7(a) by the Act of August 17, 1950, Public Law 81-710 (64 Stat. 459);

—to section 21 by the Act of July 19, 1952, Public Law 82-593 (66 Stat. 792);

—to sections 17, 20, 21, 24 and 31 by the Act of August 8, 1958, Public Law 85-609 (72 Stat. 540);

—to section 44(d) by the Act of October 8, 1961, Public Law 87-833 (75 Stat. 748);

—to sections 1(a)(1), 2(d), 6, 7(a), 7(d), 7(e), 7(f), 9, 10, 12(a), 12(c), 13, 14, 15, 16, 21, 23, 24, 29, 30, 32, 33, 35, 44(b), 44(e) and 45 by the Act of October 9, 1962, Public Law 87-772 (76 Stat. 769);

—to section 31 by the Act of July 24, 1965, Public Law 89-83 (79 Stat. 260);

—to section 29 and the terms "Patent Office" and "Commissioner of Patents" by the Act of January 2, 1975, Public Law 93-596 (88 Stat. 1949);

—to sections 13, 21, and 35 by the Act of January 2, 1975, Public Law 93-600 (88 Stat. 1955);

—to section 42 by the Act of October 3, 1978, Public Law 95-410 (92 Stat. 903);

—to section 17 by the Act of October 15, 1980, Public Law 96-455 (94 Stat. 2024);

—to section 31 by the Act of December 12, 1980, Public Law 96-517 (94 Stat. 3018);

—to sections 21 and 39 by the Act of April 2, 1982, Public Law 97-164 (96 Stat. 25);

—to sections 8(a), 8(b), 11, 13, 14, 15, 16 and 31 by the Act of August 27, 1982, Public Law 97-247 (96 Stat. 317);

—to section 31 by the Act of September 8, 1982, Public Law 97-256 (96 Stat. 816);

—to add section 39(a) by the Act of October 12, 1982, Public Law 97-296 (96 Stat. 1316);

—to sections 34, 35 and 36 by the Act of October 12, 1984, Public Law 98-473 (98 Stat. 2178). [See also, 18 U.S.C. 2321, "Trafficking in Counterfeit Goods or Services"];

—to sections 14(c), 21 and 45 by the Act of November 8, 1964, Public Law 98-620 (98 Stat. 3335); and,

—to sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 18, 19, 21, 23, 24, 26, 27, 29, 30, 32, 33, 34, 35, 36, 39, 43, 44, and 45, and to add a new section 51 by the Act of November 16, 1988, Public Law 100-667 (102 Stat. 3935).

NOTE: Section and paragraph headings printed in italics are not part of the Lanham Act but have been added for convenience in using this reprint. Prior trademark statutes may be found in Title 15, Chapter 3, of the U.S. Code and in the Statutes at Large. The present Act forms Chapter 22 of Title 15 of the U.S. Code and the respective U.S. Code citations have been placed at the beginning of each section.

TITLE I—THE PRINCIPAL REGISTER

Applications to Register Based on Use

SECTION 1 *(15 U.S.C. 1051).* (a) The owner of a trademark used in commerce may apply to register his or her trademark under this Act on the principal register hereby established:

(1) By filing in the Patent and Trademark Office—

(A) a written application, in such form as may be prescribed by the Commissioner, verified by the applicant, or by a member of the firm or an officer of the corporation or association applying, specifying applicant's domicile and citizenship, the date of applicant's first use of the mark, the date of applicant's first use of the mark in commerce, the goods on or in connection with which the mark is used and the mode or manner in which the mark is used in connection with such goods, and including a statement to the effect that the person making the verification believes himself, or the firm, corporation, or association in whose behalf he makes the verification, to be the owner of the mark sought to be registered, that the mark is in use in commerce, and that no other person, firm, corporation, or association, to the best of his knowledge and belief, has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive: *Provided,* That in the case of every application claiming concurrent use the applicant shall state exceptions to his claim of exclusive use, in which he shall specify, to the extent of his knowledge, any concurrent use by others, the goods on or in connection with which and the areas in which each concurrent use exists, the periods of each use, and the goods and area for which the applicant desires registration;

(B) a drawing of the mark; and

(C) such number of specimens or facsimiles of the mark as used as may be required by the Commissioner.

(2) By paying in the Patent and Trademark Office the prescribed fee.

(3) By complying with such rules or regulations, not inconsistent with law, as may be prescribed by the Commissioner.

Applications to Register Based on Intent to Use

(b) A person who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce may apply to register the trademark under this Act on the principal register hereby established:

(1) By filing in the Patent and Trademark Office—

(A) a written application, in such form as may be prescribed by the Commissioner, verified by the applicant, or by a member of the firm or an officer of the corporation or association applying, specifying applicant's domicile and citizenship, applicant's bona fide intention to use the mark in commerce, the goods on or in connection with which the applicant has a bona fide intention to use the mark and the mode or manner in which the mark is intended to be used on or in connection with such goods, including a statement to the effect that the person making the verification believes himself or herself, or the firm, corporation, or association in whose behalf he or she makes the verification, to be entitled to use the mark in commerce, and that no other person, firm, corporation, or association, to the best of his or her knowledge and belief, has the right to use such mark in commerce either in the identical form of the mark or in such near resemblance to the mark as to be likely, when used on or in connection with the goods of such other person, to cause

confusion, or to cause mistake, or to deceive; however, except for applications filed pursuant to section 44, no mark shall be registered until the applicant has met the requirements of subsection (d) of this section; and

(B) a drawing of the mark.

(2) By paying in the Patent and Trademark Office the prescribed fee.

(3) By complying with such rules or regulations, not inconsistent with law, as may be prescribed by the Commissioner.

Intent-to-Use Applications—Claiming Benefits of Use

(c) At any time during examination of an application filed under subsection (b), an applicant who has made use of the mark in commerce may claim the benefits of such use for purposes of this Act, by amending his or her application to bring it into conformity with the requirements of subsection (a).

Intent-to-Use Applications—Statement of Use Required

(d)(1) Within six months after the date on which the notice of allowance with respect to a mark is issued under section 13(b)(2) to an applicant under subsection (b) of this section, the applicant shall file in the Patent and Trademark Office, together with such number of specimens or facsimiles of the mark as used in commerce as may be required by the Commissioner and payment of the prescribed fee, a verified statement that the mark is in use in commerce and specifying the date of the applicant's first use of the mark in commerce, those goods or services specified in the notice of allowance on or in connection with which the mark is used in commerce, and the mode or manner in which the mark is used on or in connection with such goods or services. Subject to examination and acceptance of the statement of use, the mark shall be registered in the Patent and Trademark Office, a

certificate of registration shall be issued for those goods or services recited in the statement of use for which the mark is entitled to registration, and notice of registration shall be published in the Official Gazette of the Patent and Trademark Office. Such examination may include an examination of the factors set forth in subsections (a) through (e) of section 2. The notice of registration shall specify the goods or services for which the mark is registered.

(2) The Commissioner shall extend, for one additional 6-month period, the time for filing the statement of use under paragraph (1), upon written request of the applicant before the expiration of the 6-month period provided in paragraph (1). In addition to an extension under the preceding sentence, the Commissioner may, upon a showing of good cause by the applicant, further extend the time for filing the statement of use under paragraph (1) for periods aggregating not more than 24 months, pursuant to written request of the applicant made before the expiration of the last extension granted under this paragraph. Any request for an extension under this paragraph shall be accompanied by a verified statement that the applicant has a continued bona fide intention to use the mark in commerce and specifying those goods or services identified in the notice of allowance on or in connection with which the applicant has a continued bona fide intention to use the mark in commerce. Any request for an extension under this paragraph shall be accompanied by payment of the prescribed fee. The Commissioner shall issue regulations setting forth guidelines for determining what constitutes good cause for purposes of this paragraph.

(3) The Commissioner shall notify any applicant who files a statement of use of the acceptance or refusal thereof and, if the statement of use is refused, the reasons for the refusal. An applicant may amend the statement of use.

(4) The failure to timely file a verified statement of use under this subsection shall result in abandonment of the application.

Applicants Not Domiciled in the United States—Domestic Representation Required

(e) If the applicant is not domiciled in the United States he shall designate by a written document filed in the Patent and Trademark Office the name and address of some person resident in the United States on whom may be served notices or process in proceedings affecting the mark. Such notices or process may be served upon the person so designated by leaving with him or mailing to him a copy thereof at the address specified in the last designation so filed. If the person so designated cannot be found at the address given in the last designation, such notice or process may be served upon the Commisisoner.

Marks Registrable on the Principal Register

SEC. 2 *(15 U.S.C. 1052)*. No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

(a) Consists of or comprises immoral, deceptive, or scandalous matter, or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.

(b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.

(c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, except by the written consent of the widow.

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the

United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: *Provided*, That if the Commissioner determines that confusion, mistakes, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this Act; (2) July 5, 1947, in the case of registrations previously issued under the Act of March 3, 1881, or February 20, 1905, and continuing in full force and effect on that date; or (3) July 5, 1947, in the case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. Concurrent registrations may also be issued by the Commissioner when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Commissioner shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods on or in connection with which such mark is registered to the respective persons.

(e) Consists of a mark which, (1) when used on or in connection with the goods of the applicant is merely descriptive of them or deceptively misdescriptive of them, (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them or deceptively misdescriptive of them, except as

indications of regional origin may be registrable under section 4 hereof, (3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them, or (4) is primarily merely a surname.

(f) Except as expressly excluded in paragraphs (a), (b), (c), (d), and (e)(3) of this section, nothing herein shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The Commissioner may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made. Nothing in this section shall prevent the registration of a mark which, when used on or in connection with the goods of the applicant, is primarily geographically deceptively misdescriptive of them, and which became distinctive of applicant's goods in commerce before the date of the enactment of the North American Free Trade Agreement Implementation Act.

Service Marks Registrable

SEC. 3 *(15 U.S.C. 1053)*. Subject to the provisions relating to the registration of trademarks, so far as they are applicable, service marks shall be registrable, in the same manner and with the same effect as are trademarks, and when registered they shall be entitled to the protection provided herein the case of trademarks. Applications and procedure under this section shall conform as nearly as practicable to those prescribed for the registration of trademarks.

Collective and Certification Marks Registrable

SEC. 4 *(15 U.S.C. 1054)*. Subject to the provisions relating to the registration of trademarks, so far as they are

applicable, collective and certification marks, including indications of regional origin, shall be registrable under this Act, in the same manner and with the same effect as are trademarks, by persons, and nations, States, municipalities, and the like, exercising legitimate control over the use of the marks sought to be registered, even though not possessing an industrial or commercial establishment, and when registered they shall be entitled to the protection provided herein in the case of trademarks, except in the case of certification marks when used so as to represent falsely that the owner or a user thereof makes or sells the goods or performs the services on or in connection with which such mark is used. Applications and procedure under this section shall conform as nearly as practicable to those prescribed for the registration of trademarks.

Use by Related Companies

SEC. 5 *(15 U.S.C. 1055).* Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public. If first use of a mark by a person is controlled by the registrant or applicant for registration of the mark with respect to the nature and quality of the goods or services, such first use shall inure to the benefit of the registrant or applicant, as the case may be.

Disclaimers

SEC. 6 *(15 U.S.C. 1056).* (a) The Commissioner may require the applicant to disclaim an unregistrable component of a mark otherwise registrable. An applicant may voluntarily disclaim a component of a mark sought to be registered.

(b) No disclaimer, including those made under subsection (e) of section 7 of this Act, shall prejudice or

affect the applicant's or registrant's rights then existing or thereafter arising in the disclaimed matter, or his right of registration on another application if the disclaimed matter be or shall have become distinctive of his goods or services.

Certificates

Issuance and Form of Principal Register Certificate

SEC. 7 *(15 U.S.C. 1057).* (a) Certificates of registration of marks registered upon the principal register shall be issued in the name of the United States of America, under the seal of the Patent and Trademark Office, and shall be signed by the Commissioner or have his signature placed thereon, and a record thereof shall be kept in the Patent and Trademark Office. The registration shall reproduce the mark, and state that the mark is registered on the principal register under this Act, the date of the first use of the mark, the date of the first use of the mark in commerce, the particular goods or services for which it is registered, the number and date of the registration, the term thereof, the date on which the application for registration was received in the Patent and Trademark Office, and any conditions and limitations that may be imposed in the registration.

Principal Register Certificate as Prima Facie Evidence

(b) A certificate of registration of a mark upon the principal register provided by this Act shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive rights to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.

Constructive Use Priority Dating from Filing of Principal Register Application

(c) Contingent on the registration of a mark on the principal register provided by this Act, the filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration against any other person except for a person whose mark has not been abandoned and who, prior to such filing—

(1) has used the mark;

(2) has filed an application to register the mark which is pending or has resulted in registration of the mark; or

(3) has filed a foreign application to register the mark on the basis of which he or she has acquired a right of priority, and timely files an application under section 44(d) to register the mark which is pending or has resulted in registration of the mark.

Certificate Issued to Assignee

(d) A certificate of registration of a mark may be issued to the assignee of the applicant, but the assignment must first be recorded in the Patent and Trademark Office. In case of change of ownership the Commissioner shall, at the request of the owner and upon a proper showing and the payment of the prescribed fee, issue to such assignee a new certificate of registration of the said mark in the name of such assignee, and for the unexpired part of the original period.

Surrender, Cancellation or Amendment

(e) Upon application of the registrant the Commissioner may permit any registration to be surrendered for cancellation, and upon cancellation appropriate entry shall be made in the records of the Patent and Trademark Office. Upon application of the registrant and pay-

ment of the prescribed fee, the Commissioner for good cause may permit any registration to be amended or to be disclaimed in part: *Provided*, That the amendment or disclaimer does not alter materially the character of the mark. Appropriate entry shall be made in the records of the Patent and Trademark Office and upon the certificate of registration or, if said certificate is lost or destroyed, upon a certified copy thereof.

Patent and Trademark Office Records as Evidence

(f) Copies of any records, books, papers, or drawings belonging to the Patent and Trademark Office relating to marks, and copies of registrations, when authenticated by the seal of the Patent and Trademark Office and certified by the Commissioner, or in his name by an employee of the Office duly designated by the Commissioner, shall be evidence in all cases wherein the originals would be evidence; and any person making application therefor and paying the prescribed fee shall have such copies.

Correction of Patent and Trademark Office Mistake

(g) Whenever a material mistake in a registration, incurred through the fault of the Patent and Trademark Office, is clearly disclosed by the records of the Office a certificate stating the fact and nature of such mistake, shall be issued without charge and recorded and a printed copy thereof shall be attached to each printed copy of the registration and such corrected registration shall thereafter have the same effect as if the same had been originally issued in such corrected form, or in the discretion of the Commissioner a new certificate of registration may be issued without charge. All certificates of correction heretofore issued in accordance with the rules of the Patent and Trademark Office and the registrations to which they are attached shall have the same force and effect as if such certificates and their issue had been specifically authorized by statute.

Correction of Applicant's Mistake

(h) Whenever a mistake has been made in a registration and a showing has been made that such mistake occurred in good faith through the fault of applicant, the Commissioner is authorized to issue a certificate of correction or, in his discretion, a new certificate upon the payment of the prescribed fee: *Provided,* That the correction does not involve such changes in the registration as to require republication of the mark.

Duration

Term; Affidavit of Use in Commerce

SEC 8 *(15 U.S.C. 1058).* (a) Each certificate of registration shall remain in force for ten years: *Provided,* That the registration of any mark under the provision of this Act shall be cancelled by the Commissioner at the end of six years following its date unless within one year next preceding the expiration of such six years the registrant shall file in the Patent Trademark Office an affidavit setting forth those goods or services recited in the registration on or in connection with which the mark is in use in commerce and attaching to the affidavit a specimen or facsimile showing current use of the mark, or showing that any nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark. Special notice of the requirement for such affidavit shall be attached to each certificate of registration.

Affidavit of Use in Commerce—
Marks Registered Under Prior Acts

(b) Any registration published under the provisions of subsection (c) of section 12 of this Act shall be cancelled by the Commissioner at the end of six years after the date of such publication unless within one year next preceding the expiration of such six years the registrant

shall file in the Patent and Trademark Office an affidavit showing that said mark is in use in commerce or showing that its nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark.

Notification of Acceptance or Refusal of Affidavit of Use in Commerce

(c) The Commissioner shall notify any registrant who files either of the above-prescribed affidavits of his acceptance or refusal thereof and, if a refusal, the reasons therefor.

Renewal

SEC. 9 *(15 U.S.C. 1059).* (a) Each registration may be renewed for periods of ten years from the end of the expiring period upon payment of the prescribed fee and the filing of a verified application therefor, setting forth those goods or services recited in the registration on or in connection with which the mark is still in use in commerce and having attached thereto a specimen or facsimile showing current use of the mark or showing that any nonuse is due to special circumstances which excuse such nonuse and it is not due to any intention to abandon the mark. Such application may be made at any time within six months before the expiration of the period for which the registration was issued or renewed, or it may be made within three months after such expiration on payment of the additional fee herein prescribed.

(b) If the Commissioner refuses to renew the registration, he shall notify the registrant of his refusal and the reasons therefor.

(c) An applicant for renewal not domiciled in the United States shall be subject to and comply with the provisions of section 1(e) of this Act.

Assignment

SEC. 10 *(15 U.S.C. 1060)*. A registered mark or a mark for which application to register has been filed shall be assignable with the goodwill of the business in which the mark is used, or with that part of the goodwill of the business connected with the use of and symbolized by the mark. However, no application to register a mark under section 1(b) shall be assignable prior to the filing of the verified statement of use under section 1(d), except to a successor to the business of the applicant, or portion thereof, to which the mark pertains, if that business is ongoing and existing. In any assignment authorized by this section it shall not be necessary to include the goodwill of the business connected with the use of and symbolized by any other mark used in the business or by the name or style under which the business is conducted. Assignments shall be by instruments in writing duly executed. Acknowledgment shall be prima facie evidence of the execution of an assignment and when recorded in the Patent and Trademark Office the record shall be prima facie evidence of execution. An assignment shall be void as against any subsequent purchaser for a valuable consideration without notice, unless it is recorded in the Patent and Trademark Office within three months after the date thereof or prior to such subsequent purchase. A separate record of assignments submitted for recording hereunder shall be maintained in the Patent and Trademark Office.

An assignee not domiciled in the United States shall be subject to and comply with the provisions of section 1(e) of this Act.

Acknowledgments and Verifications

SEC. 11 *(15 U.S.C. 1061)*. Acknowledgments and verifications required hereunder may be made before any person within the United States authorized by law to

administer oaths, or, when made in a foreign country, before any diplomatic or consular officer of the United States or before any official authorized to administer oaths in the foreign country concerned whose authority is proved by a certificate of a diplomatic or consular officer of the United States, or apostille of an official designated by a foreign country which, by treaty or convention, accords like effect to apostilles of designated officials in the United States, and shall be valid if they comply with the laws of the state or country where made.

Publication

Examination of Application and Publication

SEC. 12 *(15 U.S.C. 1062).* (a) Upon the filing of an application for registration and payment of the prescribed fee, the Commissioner shall refer the application to the examiner in charge of the registration of marks, who shall cause an examination to be made and, if on such examination it shall appear that the applicant is entitled to registration, or would be entitled to registration upon the acceptance of the statement of use required by section 1(d) of this Act, the Commissioner shall cause the mark to be published in the Official Gazette of the Patent and Trademark Office: *Provided,* That in the case of an applicant claiming concurrent use, or in the case of an application to be placed in an interference as provided for in section 16 of this Act, the mark, if otherwise registrable, may be published subject to the determination of the rights of the parties to such proceedings.

Refusal of Registration and Amendment of Application

(b) If the applicant is found not entitled to registration, the examiner shall advise the applicant thereof and of the reason therefor. The applicant shall have a period of six months in which to reply or amend his application,

which shall then be reexamined. This procedure may be repeated until (1) the examiner finally refuses registration of the mark or (2) the applicant fails for a period of six months to reply or amend or appeal, whereupon the application shall be deemed to have been abandoned, unless it can be shown to the satisfaction of the Commissioner that the delay in responding was unavoidable, whereupon such time may be extended.

Publication of Marks Registered Under Prior Acts

(c) A registrant of a mark registered under the provisions of the Act of March 3, 1881, or the Act of February 20, 1905, may, at any time prior to the expiration of the registration thereof, upon the payment of the prescribed fee file with the Commissioner an affidavit setting forth those goods stated in the registration on which said mark is in use in commerce and that the registrant claims the benefits of this Act for said mark. The Commissioner shall publish notice thereof with a reproduction of said mark in the Official Gazette, and notify the registrant of such publication and of the requirement for the affidavit of use or nonuse as provided for in subsection (b) of section 8 of this Act. Marks published under this subsection shall not be subject to the provisions of section 13 of this Act.

Oposition

Filing an Opposition

SEC. 13 *(15 U.S.C. 1063).* (a) Any person who believes that he would be damaged by the registration of a mark upon the principal register may, upon payment of the prescribed fee, file an opposition in the Patent and Trademark Office, stating the grounds therefor, within thirty days after the publication under subsection (a) of section 12 of this Act of the mark sought to be registered. Upon written request prior to the expiration of the thirty-day period, the time for filing opposition shall be extended for

an additional thirty days, and further extensions of time for filing opposition may be granted by the Commissioner for good cause when requested prior to the expiration of an extension. The Commissioner shall notify the applicant of each extension of the time for filing opposition. An opposition may be amended under such conditions as may be prescribed by the Commissioner.

Issuance of Registration or Notice of Allowance

(b) Unless registration is successfully opposed—

(1) a mark entitled to registration on the principal register based on an application filed under section 1(a) or pursuant to section 44 shall be registered in the Patent and Trademark Office, a certificate of registration shall be issued, and notice of the registration shall be published in the Official Gazette of the Patent and Trademark Office; or

(2) a notice of allowance shall be issued to the applicant if the applicant applied for registration under section 1(b).

Cancellation

SEC. 14 *(15 U.S.C. 1064).* A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged by the registration of a mark on the principal register established by this Act, or under the Act of March 3, 1881, or the Act of February 20, 1905;

(1) Within five years from the date of the registration of the mark under this Act.

(2) Within five years from the date of publication under section 12(c) hereof of a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905.

(3) At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 4 or of subsection (a), (b), or (c) of section 2 for a registration under this Act, or contrary to similar prohibitory provisions of such prior Acts for a registration under such Acts, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the genric nam of goods or srvices on or in connction with which it has been used.

(4) At any time if the mark is registered under the Act of March 3, 1881, or the Act of February 20, 1905, and has not been published under the provisions of subsection (c) of section 12 of this Act.

(5) At any time in the case of a certification mark on the ground that the registrant (A) does not control, or is not able legitimately to exercise control over, the use of such mark, or (B) engages in the production or marketing of any goods or services to which the certification mark is applied, or (C) permits the use of the certification mark for purposes other than to certify, or (D) discriminately refuses to certify or to continue to certify the goods or services of any person who maintains the standards or conditions which such mark certifies;

Provided, That the Federal Trade Commission may apply to cancel on the grounds specified in paragraphs (3) and (5) of this section any mark registered on the principal register established by this Act, and the prescribed fee shall not be required.

Right to Use Mark Incontestable Under Certain Conditions

SEC. 15 *(15 U.S.C. 1065)*. Except on a ground for which application to cancel may be filed at any time under paragraphs (3) and (5) of section 14 of this Act, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this Act of such registered mark, the right of the registrant to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: *Provided*, That—

(1) there has been no final decision adverse to registrant's claim of ownership of such mark for such goods or services, or to registrant's right to register the same or to keep the same on the register; and

(2) there is no proceeding involving said rights pending in the Patent and Trademark Office or in a court and not finally disposed of; and

(3) an affidavit is filed with the Commissioner within one year after the expiration of any such five-year period setting forth those goods or services stated in the registration on or in connection with which such mark has been in continuous use for such five consecutive years and is still in use in commerce, and the other matters specified in paragraphs (1) and (2) of this section; and

(4) no incontestable right shall be acquired in a mark which is the generic name for the goods or services or a portion thereof, for which it is registered.

Subject to the conditions above specified in this section, the incontestable right with reference to a mark registered under this Act shall apply to a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905, upon the filing of the required affidavit with the Commissioner within one year after the expiration of any period of five consecutive years after the date of publication of a mark under the provisions of subsection (c) of section 12 of this Act.

The Commissioner shall notify any registrant who files the above-prescribed affidavit of the filing thereof.

Interference

SEC. 16 *(15 U.S.C. 1066)*. Upon petition showing extraordinary circumstances, the Commissioner may declare that an interference exists when application is made for the registration of a mark which so resembles a mark previously registered by another, or for the registration of which another has previously made application, as to be likely when used on or in connection with the goods or services of the applicant to cause confusion or mistake or to deceive. No interference shall be declared between an application and the registration of a mark the right to use of which has become incontestable.

Trademark Trial and Appeal Board

SEC. 17 *(15 U.S.C. 1067)*. In every case of interference, opposition to registration, application to register as a lawful concurrent user, or application to cancel the registration of a mark, the Commissioner shall give notice to all parties and shall direct a Trademark Trial and Appeal Board to determine and decide the respective rihgts of registration.

The Trademark Trial and Appeal Board shall include the Commissioner, the Deputy Commissioner, the Assistant Commissioners, and members appointed by the Commissioner. Employees of the Patent and Trademark Office and other persons, all of whom shall be competent in trademark law, shall be eligible for appointment as members. Each case shall be heard by at least three members of the Board, the members hearing such case to be designated by the Commissioner.

Powers of Commissioner

SEC. 18 *(15 U.S.C. 1068).* In such proceedings the Commissioner may refuse to register the opposed mark, may cancel the registration, in whole or in part, may modify the application or registration by limiting the goods or services specified therein, may otherwise restrict or rectify with respect to the register the registration of a registered mark, may refuse to register any or all of several interfering marks, or may register the mak or marks fo the person or persons entitled theeto, as the rights of the parties hereunder may be established in the proceedings: *Provided,* That in the case of the registration of any mark based on concurrent use, the Commission shall determine and fix the conditions and limitations provided for in subsection (d) of section 2 of this Act. However, no final judgment shall be entered in favor of an applicant under section 1(b) before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).

Inter-Parties Proceedings—
Equitable Principles Applied

SEC. 19 *(15U.S.C. 1069).* In all inter partes proceedings equitable principles of laches, estoppel, and acquiescence, where applicable may be considered and applied.

Ex Parte Appeals

SEC. 20 *(15 U.S.C. 1070).* An appeal may be taken to the Trademark Trial and Appeal Board from any final decision of the examiner in charge of the registration of marks upon the payment of the prescribed fee.

Appeal to Court of Appeals for the Federal Circuit

SEC. 21 *(15 U.S.C. 1071).* (a)(1) An applicant for registration of a mark, party to an interference proceeding, party to an opposition proceeding, party to an application to register as a lawful concurrent user, party to a cancellation proceeding, a registrant who has filed an affidavit as provided in section 8, or an applicant for renewal, who is dissatisfied with the decision of the Commissioner or Trademark Trial and Appeal Board, may appeal to the United States Court of Appeals for the Federal Circuit thereby waiving his right to proceed under subsection (b) of this section: *Provided,* That such appeal shall be dismissed if any adverse party to the proceeding, other than the Commissioner, shall, within twenty days after the appellant has filed notice of appeal according to paragraph (2) of this subsection, files notice with the Commissioner that he elects to have all further proceedings conducted as provided in subsection (b) of this section. Thereupon the appellant shall have thirty days thereafter within which to file a civil action under subsection (b), of this section, in default of which the decision appealed from shall govern the further proceedings in the case.

(2) When an appeal is taken to the United States Court of Appeals for the Federal Circuit, the appellant shall file in the Patent and Trademark Office a written notice of appeal directed to the Commissioner, within such time after the date of the decision from which the appeal is taken as the Commissioner prescribes, but in no case less than 60 days after that date.

(3) The Commissioner shall transmit to the United States Court of Appeals for the Federal Circuit a certified list of the documents comprising the record in the Patent and Trademark Office. The court may request that the Commissioner forward the original or certified copies of such documents during pendency of the appeal. In an ex parte case, the Commissioner shall submit to that court a brief explaining the grounds for the decision of the Patent and Trademark Office, addressing all the issues involved in the appeal. The court shall, before hearing an appeal, give notice of the time and place of the hearing to the Commissioner and the parties in the appeal.

(4) The United States Court of Appeals for the Federal Circuit shall review the decision from which the appeal is taken on the record before the Patent and Trademark Office. Upon its determination the court shall issue its mandate and opinion to the Commissioner, which shall be entered of record in the Patent and Trademark Office and shall govern the further proceedings in the case. However, no final judgment shall be entered in favor of an applicant under section 1(b) before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).

Appeal to U.S. District Court

(b)(1) Whenever a person authorized by subsection (a) of this section to appeal to the United States Court of Appeals for the Federal Circuit is dissatisfied with the decision of the Commissioner or Trademark Trial and Appeal Board, said person may, unless appeal has been taken to said United States Court of Appeals for the Federal Circuit, have remedy by a civil action if commenced within such time after such decision, not less than sixty days, as the Commissioner appoints or as provided in subsection (a) of this section. The court may adjudge that an applicant is entitled to a registration upon the application involved, that a registration involved

should be cancelled, or such other matter as the issues in the proceeding require, as the facts in the case may appear. Such adjudication shall authorize the Commissioner to take any necessary action, upon compliance with the requirements of law. However, no final judgment shall be entered in favor of an applicant under section 1(b) before the mark is registered, if such applicant cannot prevail without established constructive use pursuant to section 7(c).

(2) The Commissioner shall not be made a party to an inter partes proceeding under this subsection, but he shall be notified of the filing of the complaint by the clerk of the court in which it is filed and shall have the right to intervene in the action.

(3) In any case where there is no adverse party, a copy of the complaint shall be served on the Commissioner, and, unless the court finds the expenses to be unreasonable, all the expenses of the proceeding shall be paid by the party bringing the case, whether the final decision is in favor of such party or not. In suits brought hereunder, the record in the Patent and Trademark Office shall be admitted on motion of any party, upon such terms and conditions as to costs, expenses, and the further cross-examination of the witnesses as the court imposes, without prejudice to the right of any party to take further testimony. The testimony and exhibits of the record in the Patent and Trademark Office, when admitted, shall have the same effect as if originally taken and produced in the suit.

(4) Where there is an adverse party, such suit may be instituted against the party in interest as shown by the records of the Patent and Trademark Office at the time of the decision complained of, but any party in interest may become a party to the action. If there be adverse patries residing in a plurality of districts not embraced within the same State, or an adverse party residing in a foreign country, the United States District Court for the

District of Columbia shall have jurisdiction and may issue summons against the adverse parties directed to the marshal of any district in which any adverse party resides. Summons against adverse parties residing in foreign countries may be served by publication or otherwise as the court directs.

Registration is Notice

Registration on Principal Register is Constructive Notice

SEC. 22 *(15 U.S.C. 1072).* Registration of a mark on the principal register provided by this Act or under the Act of March 3, 1881, or the Act of February 20, 1905, shall be constructive notice of the registrant's claim of ownership thereof.

TITLE II—THE SUPPLEMENTAL REGISTER

Registration on Supplemental Register

SEC. 23 *(15 U.S.C. 1091).* (a) In addition to the principal register, the Commissioner shall keep a continuation of the register provided in paragraph (b) of section 1 of the Act of March 19, 1920, entitled "An Act to give effect to certain provisions of the convention for the protection of trademarks and commercial names, made and signed in the city of Buenos Aires, in the Argentine Republic, August 20, 1910, and for other purposes", to be called the supplemental register. All marks capable of distinguishing applicant's goods or services and not registrable on the principal register herein provided, except those declared to be unregistrable under subsections (a), (b), (c), (d) and (e)(3) of section 2 of this Act, which are in lawful use in commerce by the owner thereof, on or in connection with any goods or services may be registered on the supplemental register upon the payment of the prescribed fee and compliance with the provisions of subsections (a) and (e) of section 1 so far as they are applicable. Nothing in this section shall prevent the registration on the supplemental register of a mark, capable of distinguishing applicant's goods or services and

not registrable on the principal register under this act that is declared to be unregistrable under section 2(e)(3), if such mark has been in lawful use in commerce by the owner thereof on or in connection with any goods or services, since before the date of the enactment of the North American Free Trade Agreement Implementation Act.

Examination of Application for Registration on Supplemental Register

(b) Upon the filing of an application for registration on the supplemental register and payment of the prescribed fee the Commissioner shall refer the application to the examiner in charge of the registration of marks, who shall cause an examination to be made and if on such examination it shall appear that the applicant is entitled to registration, the registration shall be granted. If the applicant is found not entitled to registration the provisions of subsection (b) of section 12 of this Act shall apply.

Marks Registrable on Supplemental Register

(c) For the purposes of registration on the supplemental register, a mark may consist of any trademark, symbol, label, package, configuration o fgoods, name, word, slogan, phrase, surname, geographical name, numeral, or device or any combination of any of the foregoing, but such mark must be capable of distinguishing the applicant's goods or services.

Cancellation

Marks for Supplemental Register Not Published for Opposition; Cancellation of Registration

SEC. 24 *(15 U.S.C. 1092).* Marks for the supplemental register shall not be published for or be subject to opposition, but shall be published on registration in the Official Gazette of the Patent and Trademark Office. Whenever

any person believes that he is or will be damaged by the registration of a mark on this register he may at any time, upon payment of the prescribed fee and the filing of a petition stating the ground therefor, apply to the Commissioner to cancel such registration. The Commissioner shall refer such application to the Trademark Trial and Appeal Board which shall give notice thereof to the registrant. If it is found after a hearing before the Board that the registrant is not entitled to registration, or that the mark has been abandoned, the registration shall be cancelled by the Commissioner. However, no final judgment shall be entered in favor of an applicant under section 1(b) before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).

Certificate of Registration on Supplemental Register to Differ

SEC. 25 *(15 U.S.C. 1093).* The certificates of registration for marks registered on the supplemental register shall be conspicuously different from certificates issued for marks registered on the principal register.

General Provisions

Provisions of Act Applicable to Supplemental Register

SEC. 26 *(15 U.S.C. 1904).* The provisions of this Act shall govern so far as applicable applications for registration and registrations on the supplemental register as well as those on the principal register, but applications for and registrations on the supplemental register shall not be subject to or receive the advantages of sections 1(b), 2(e), 2(f), 7(b), 7(c), 12(a), 13 to 18, inclusive, 22, 33, and 42 of this Act.

Registration on Supplemental Register Not to Preclude Registration on Principal Register

SEC. 27 *(15 U.S.C. 1095).* Registration of a mark on the supplemental register, or under the Act of March 19, 1920, shall not preclude registration by the registrant on the principal register established by this Act. Registration of a mark on the supplemental register shall not constitute an admission that the mark has not acquired distinctiveness.

Bar to Importation

SEC. 28 *(15 U.S.C. 1096).* Registration on the supplemental register or under the Act of March 19, 1920, shall not be filed in the Department of the Treasury or be used to stop importations.

TITLE III—NOTICE OF REGISTRATION

Form and Display of Notice

SEC. 29. *(15 U.S.C. 1111).* Notwithstanding the provisions of section 22 hereof, a registrant of a mark registered in the Patent and Trademark Office, may give notice that his mark is registered by displaying with the mark the words "Registered in U.S. Patent and Trademark Office" * or "Reg. U.S. Pat. & Tm. Off." * or the letter R enclosed within a circle, thus ®; and in any suit for infringement under this Act by such a registrant failing to give such notice of registration, no profits and no damages shall be recovered under the provisions of this Act unless the defendant had actual notice of the registration.

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* NOTE: The amendments of the wording of this term by Public Law 93-596 became effective on January 2, 1975. However, the amendment provides that any registrant may continue to give notice of his registration in accordance with setcion 29 of the Trademark Act of 1946, as amended Oct. 9, 1962, as an alternative to notice in accordance with section 29 of the Trademark Act as amended by Public Law 93-596, regardless of whether his mark was registered before or after January 2, 1975.

TITLE IV—CLASSIFICATION

SEC. 30 *(15 U.S.C. 1112).* The Commissioner may establish a classification of goods and services, for convenience of Patent and Trademark Office administration, but not to limit or extend the applicant's or registrant's rights. The applicant may apply to register a mark for any or all of the goods or services on or in connection with which he or she is using or has a bona fide intention to use the mark in commerce:*Provided,* That if the Commissioner by regulation permits the filing of an application for the registration of a mark for goods or services which fall within a plurality of classes, a fee equaling the sum of the fees for filing an application in each class shall be paid, and the Commissioner may issue a single certificate of registration for such mark.

TITLE V—FEES AND CHARGES

Commissioner to Establish Fees

SEC. 31 *(15 U.S.C. 1113).* (a) The Commissioner will establish fees for the filing and processing of an application for the registration of a trademark or other mark and for all other services performed by and materials furnished by the Patent and Trademark Office related to trademarks and other marks. However, no fee for the filing or processing of an application for the registration of a trademark or other mark or for the renewal or assignment of the trademark or other mark will be adjusted more than once every three years. No fee established under this section will take effect prior to sixty days following notice in the Federal Register.

Waiver of Fees

(b) the Commissioner may waive the payment of any fee for any service or material related to trademarks or other marks in connection with an occasional request

made by a department or agency of the Government, or any officer thereof. The Indian Arts and Crafts Board will not be charged any fee to register Government trademarks of genuineness and quality for Indian products or for products of particular Indian tribes and groups.

TITLE VI—REMEDIES

Infringer Liable in Civil Action

SEC. 32 *(15 U.S.C. 1114).* (1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy or colorably imitate a registered mark and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

Innocent Acts by Printers, Publishers and Broadcasters

(2) Notwithstanding any other provision of this Act, the remedies given to the owner of a right infringed under

this Act or to a person bringing an action under section 43(a) shall be limited as follows:

(A) Where an infringer or violator is engaged solely in the business of printing the mark or violating matter for others and establishes that he or she was an innocent infringer or innocent violator, the owner of the right infringed or person bringing the action under section 43(a) shall be entitled as against such infringer or violator only to an injunction against future printing.

(B) Where the infringement or violation complained of is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical or in an electronic communication as defined in section 2510 (12) of title 18, United States Code, the remedies of the owner of the right infringed or person bringing the action under section 43(a) as against the publisher or distributor of such newspaper, magazine, or other similar periodical or electronic communication shall be limited to an injunction against the presentation of such advertising matter in future issues of such newspapers, magazines, or other similar periodicals or in future transmissions of such electronic communications. The limitations of this subparagraph shall apply only to innocent infringers and innocent violators.

(C) Injunctive relief shall not be available to the owner of the right infringed or person bringing the action under section 43(a) with respect to an issue of a newspaper, magazine, or other similar periodical or an electronic communication containing infringing matter or volating matter where restraning the dissemination of such infringing matter or violating matter in any particular issue of such periodical or in an electronic communication would delay the delivery of such issue or transmission of such electronic communication after the regular time for such delivery or transmission, and such delay would be due to method by which publication and distribution of

such periodical or transmission of such electronic communication is customarily conducted in accordance with sound business practice, and not due to any method or derive adopted to evade this section or to prevent or delay the issuance of an injunction or restraining order with respect to such infringing matter or violating matter.

(D) As used in this paragraph—

(i) the term "violator" means a person who violates section 43(a); and

(ii) the term "violating matter" means matter that is the subject of a violation under section 43(a).

Registration is Prima Facie Evidence; Defenses

SEC. 33 *(15 U.S.C. 1115).* (a) Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this Act and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude another person from proving any legal or equitable defense or defect, including those set forth in subsection (b), whic might have been asserted if such mark had not been registered.

Incontestability is Conclusive Evidence; Defenses

(b) To the extent that the right to use the registered mark has become incontestable under section 15, the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in

commerce. Such conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 15, or in the renewal application filed under the provisions of section 9 if the goods or services specified in the renewal are fewer in number, subject to any conditions or limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 32, and shall be subject to the following defenses or defects:

(1) That the registration or the incontestable right to use the mark was obtained fraudulently; or

(2) That the mark has been abandoned by the registrant; or

(3) That the registered mark is being used, by or with the permission of the registrant or a person ni privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to (A) the date of constructive use of the mark established pursuant to section 7(c), (B) the registration of the mark under this Act if the application for regis-

tration is filed before the effective date of the Trademark Law Revision Act of 1988, or (C) publication of the registered mark under subsection (c) of section 12 of this Act: *Provided, however,* That this defense or defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as in infringement was registered and used prior to the registration under this Act or publication under subsection (c) of section 12 of this Act of the registered mark of the registrant, and not abandoned: *Provided, however,* That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or

(7) That the mark has been or is being used to violate the antitrust laws of the United States; or

(8) That equitable principles, including laches, estoppel, and acquiescence, are applicable.

Injunctions

SEC. 34 *(15 U.S.C. 1116).* (a) The several courts vested with jurisdiction of civil actions arising under this Act shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent and Trademark Office or to prevent a violation under section 43(a). Any such injunction may include a provision directing the defendant to file with the court and serve on the plaintiff within thirty days after the service on the defendant of such injunction, or such extended period as the court may direct, a report in writing under oath setting forth in detail the manner and form in which the defendant has complied with the injunction. Any such injunction granted upon hearing, after notice to the defendant, by any district court of the United States, may

be served on the parties against whom such injunction is granted anywhere in the United Sttaes where they may be found, and shall be operative and may be enforced by proceedings to punish for contempt, or otherwise, by the court by which such injunction was granted, or by any other United States district court in whose jurisdiction the defendant may be found.

Injunctions—Enforcement

(b) The said courts shall have jurisdiction to enforce said injunction, as herein provided, as fully as if the injunction had been granted by the district court in which it is sought to be enforced. The clerk of the court or judge granting the injunction shall, when required to do so by the court before which application to enforce said injunction is made, transfer without delay to said court a certified copy of all papers on file in his office upon which said injunction was granted.

Clerk of Court to Notify Commissioner

(c) It shall be the duty of the clerks of such courts within one month after the filing of any action, suit, or proceeding involving a mark registered under the provisions of this Act to give notice thereof in writing to the Commissioner setting forth in order so far as known the names and addresses of the litigants and the resignating number or numbers of the registration or registrations upon which the action, suit, or proceeding has been brought, and in the event any other registration be subsequently included in the action, suit, or proceeding by amendment, answer, or other pleading, the clerk shall give like notice thereof to the Commissioner, and within one month after the judgment is entered or an appeal is taken, the clerk of th court shall give notice thereof to the Commissioner, and it shall be the duty of the Commissioner on receipt of such notice forthwith to endorse the same upon the file wrapper of the said regisrtation or

registrations and to incorporate the same as a part of the contents of said file wrapper.

Civil Actions Arising from Use of Counterfeit Marks

(d)(1)(A) In the case of a civil action arising under section 32(1)(a) of this Act (15 U.S.C. 1114) or section 110 of the Act entitled "An Act to incorporate the United States Olympic Association", approved September 21, 1950 (36 U.S.C. 380) with respect to a violation that consists of using a counterfeit mark in connection with the sale, offering for sale, or distribution of goods or services, the court may, upon ex parte application, grant an order under subsection (a) of this section pursuant to this subsection providing for the seizure of goods and counterfeit marks involved in such violation and the means of making such marks, and records documenting the manufacture, sale, or receipt of things involved in such violation.

(B) As used in this subsection the term "counterfeit mark" means—

(i) a counterfeit of a mark that is registered on the principal register in the United States Patent and Trademark Office for such goods or services sold, offered for sale, or distributed and that is in use, whether or not the person against whom relief is sought knew such mark was so registered; or

(ii) a spurious designation that is identical with, or substantially indistinguishable from, a designation as to which the remedies of this Act are made available by reason of section 110 of the Act entitled "An Act to incorporate the United States Olympic Association", approved September 21, 1950 (36 U.S.C. 380);

but such term does not include any mark or designation used on or in connection with goods or services of which the manufacturer or producer was, at the time of the manufacture or production in question authorized to

use the mark or designation for the type of goods or services so manufactured or produced, by the holder of the right to use such mark or designation.

(2) The court shall not receive an application under this subsection unless the applicant has given such notice of the application as is reasonable under the circumstances to the United States attorney for the judicial district in which such order is sought. Such attorney may participate in the proceedings arising under such application if such proceedings may effect evidence of an offense against the United States. The court may deny such application if the court determines that the public interest in a potential prosecution so requires.

(3) The application for an order under this subsection shall—

(A) be based on an affidavit or the verified complaint establishing facts sufficient to support the findings of fact and conclusions of law required for such order; and

(B) contain the additional information required by paragraph (5) of this subsection to be set forth in such order.

(4) The court shall not grant such an application unless—

(A) the person obtaining an order under this subsection provides the security determined adequate by the court for the payment of such damages as any person may be entitled to recover as a result of a wrongful seizure or wrongful attempted seizure under this subsection; and

(B) the court finds that it clearly appears from specific facts that—

(i) an order other than an ex parte seizure order is not adequate to achieve the purposes of section 32 of this Act (15 U.S.C. 1114);

(ii) the applicant has not publicized the requested seizure;

(iii) the applicant is likely to succeed in showing that the person against whom seizures would be ordered used a counterfeit mark in connection with the sale, or distribution of goods or services;

(iv) an immediate and irreparable injury will occur if such seizure is not ordered;

(v) the matter to be seized will be located at the place identified in the application;

(vi) the harm to the applicant of denying the application outweighs the harm to the legitimate interests of the person against whom seizure would be ordered of granting the application; and

(vii) the person against whom seizure would be ordered, or persons acting in concert with such person, would destroy, move, hide, or otherwise make such matter inaccessible to the court, if the applicant were to proceed on notice to such person.

(5) An order under this subsection shall set forth—

(A) the findings of fact and conclusions of law required for the order;

(B) a particular description of the matter to be seized, and a description of each place at which such matter is to be seized;

(C) the time period, which shall end not later than seevn days after the date on which such order is issued, during which the seizure is to be made;

(D) the amount of security required to be provided under this subsection; and

(E) a date for the hearing required under paragraph (10) of this subsection.

(6) The court shall take appropriate action to protect the person against whom an order under this subsection is directed from publicity, by or at the behest of the plaintiff, about such order and any seizure under such order.

(7) Any materials seized under this subsection shall be taken into the custody of the court. The court shall enter an appropriate protective order with respect to discovery by the applicant of any records that have been seized. The protective order shall provide for appropriate procedures to assure that confidential information contained in such records is not improperly disclosed to the applicant.

(8) An order under this subsection, together with the supporting documents, shall be sealed until the person against whom the order is directed has an opportunity to contest such order, except that any person against whom such order is issued shall have access to such order and supporting documents after the seizure has been carried out.

(9) The court shall order that a United States marshall or other law enforcement officer is to serve a copy of the order under this subsection and then is to carry out the seizure under such order. The court shall issue orders, when appropriate, to protect the defendant from undue damage from the disclosure of trade secrets or other confidential information during the course of the seizure, including, when appropriate, orders restricting the access of the applicant (or any agent or employee of the applicant) to such secrets or information.

(10)(A) The court shall hold a hearing, unless waived by all the parties, on the date set by the court in the order of seizure. That date shall be not sooner than ten days after the order is issued and not later than fifteen days after the order is issued, unless the applicant for the order shows good cause for another date or unless the party against whom such order is directed consents to

another date for such hearing. At such hearing the party obtaining the order shall have the burden to prove that the facts supporting findings of fact and conclusions of law necessary to support such order are still in effect. If that party fails to meet that burden, the seizure order shall be dissolved or modified appropriately.

(B) In connection with a hearing under this paragraph, the court may make such orders modifying the time limits for discovery under the Rules of Civil Procedure as may be necessary to prevent the frustration of the purposes of such hearing.

(11) A person who suffers damage by reason of a wrongful seizure under this subsection has a cause of action against the applicant for the order under which such seizure was made, and shall be entitled to recover such relief as may be appropriate, including damages for lost profits, cost of materials, loss of good will, and punitive damages in instances where the seizure was sought in bad faith, and, unless the court finds extenuating circumstances, to recover a reasonable attorney's fees. The court in its discretion may award prejudgment interest on relief recovered under this paragraph, at an annual interest rate established under section 6621 of the Internal Revenue Code of 1954, commencing on the date of service of the claimant's pleading setting forth the claim under this paragraph and ending on the date such recovery is granted, or for such shorter time as the court deems appropriate.

Monetary Relief

SEC. 35 *(15 U.S.C. 1117).* (a) When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, or a violation under section 48(a), shall have been established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of sections 29 and 32 and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the

costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may, in its discretion, enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

(b) In assessting damages under subsection (a), the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, whichever is greater, together with a reasonable attorney's fee, in the case of any violtion of section 32 (1)(a) of this Act (15 U.S.C. 1114(1)(a)) or section 110 of the Act entitled "An Act to incorporate the United States Olympic Association", approved September 21, 1950 (36 U.S.C. 380) that consists of intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark (as defined in section 34(d) of this Act (15 U.S.C. 1116(d)), in connection with the sale, offering for sale, or distribution of goods or services. In such cases, the court may, in its discretion, award prejudgment interest on such amount at an annual interest rate established under section 6621 of the Internal Revenue Code of 1954, commencing on the date of the service of the claimant's pleadings setting forth the claim for such entry and ending on the date such entry is made, or for such shorter time as the court deems appropriate.

Destruction Orders

SEC. 36 *(15 U.S.C. 1118).* In any action arising under this Act, in which a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, or a violation under section 48(a), shall have been established, the court may order that all labels, signs, prints, packages, wrappers, recepacles, and advertisements in the possession of the defendant, bearing the registered mark or, in the case of a violation of section 48(a), the word, term, name, symbol, device, combination thereof, designation, description, or representation that is the subject of the violation, or any reproduction, counterfeit, copy, or colorable imitation thereof, and all plates, molds, matrices, and other means of making the same, shall be delivered up and destroyed. The party seeking an order under this section for destruction of articles seized under section 34(d) (15 U.S.C. 1116(d)) shall give ten days' notice to the United States attorney for the judicial district in which such order is sought (unless good cause is shown for lesser notice) and such United States attorney may, if such destruction may affect evidence of an offense against the United States, seek a hearing on such destruction or participate in any hearing otherwise to be called with respect to such destruction.

Powers of Court Over Registration

SEC. 37 *(15 U.S.C. 1119).* In any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, in whole or in part, restore cancelled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decreases and orders shall be certified by the court to the Commissioner, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby.

Civil Liability for False or Fraudulent Statements

SEC. 38 *(15 U.S.C. 1120).* Any person who shall procure registration in the Patent and Trademark Office of a mark by a false or fraudulent declaration or representation, oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof.

Original Jurisdiction of Federal Courts

SEC. 39 *15(U.S.C. 1121).* (a) The district and territorial courts of the United States shall have original jurisdiction, the circuit courts of appeal of the United States (other than the United States Court of Appeals for the Federal Circuit) and the United States Court of Appeals for the District of Columbia shall have appellate jurisdiction, of all actions arising under this Act, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.

Marks Protected from State or Territorial Interference

(b) No State or other jurisdiction of the United States or any political subdivision or any agency thereof may require alteration of a registered mark, or require that additional trademarks, service marks, trade names, or corporate names that may be associated with or incorporated into the registered mark be displayed in the mark in a manner differeing from the display of such additional trademarks, service marks, trade names, or corporate names contemplated by the registered mark as exhibited in the certificate of registartion issued by the United States Patent and Trademark Office.

Review by Supreme Court

SEC. 40 *(15 U.S.C. 1122).* Repealed—May 24, 1949, 63 Stat. 109 (see 28 U.S.C. 1254).

Commissioner to Make Rules for Proceedings in Patent and Trademark Office

SEC. 41 *(15 U.S.C. 1123)*. The Commissioner shall make rules and regulations, not inconsistent with law, for the conduct of proceedings in the Patent and Trademark Office under this Act.

TITLE VII—IMPORTATION FORBIDDEN OF GOODS BEARING INFRINGING MARKS OR NAMES

SEC. 42 *(15 U.S.C. 1124)*. Except as provided in subsection (d) of section 526 of the Tariff Act of 1930, no article of imported merchandise which shall copy or simulate the name of any domestic manufacture, or manufacturer, or trader, or of any manufacturer or trader located in any foreign country which, by treaty, convention, or law affords similar privileges to citizens of the United States, or which shall copy or simulate a trademark registered in accordance with the provisions of this Act or shall bear a name or mark calculated to induce the public to believe that the article is manufactured in the United States, or that it is manufactured in any foreign country or locality other than the country or locality in which it is in fact manufactured, shall be admitted to entry at any customhouse of the United States; and, in order to aid the offices of the customs in enforcing this prohibition, any domestic manufacturer or trader, and any foreign manufacturer or trader, who is entitled under the provisions of a treaty, convention, declaration, or agreement between the United States and any foreign country to the advantages afforded by law to citizens of the United States in respect to trademarks and commercial names, may require his name and residence, and the name of the locality in which his goods are manufactured, and a copy of the certificate of registration of his trademark, issued in accordance with the provisions of this Act, to be recorded in books which shall be kept for this purpose in the Department of the Treasury, under such

regulations as the Secretary of the Treasury shall prescribe, and may furnish to the Department facsimiles of his name, the name of the locality in which his goods are manufactured, or of his registered trademark, and thereupon the Secretary of the Treausry shall cause one or more copies of the same to be transmitted to each collector or other proper officer of customs.

TITLE VIII—FALSE DESIGNATIONS OF ORIGIN AND FALSE DESCRIPTIONS FORBIDDEN

Unregistered Marks; False or Misleading Descriptions and Representations

SEC. 43 *(15 U.S.C. 1125).* (a) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(2) in commercial advertising or probotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Importation of Infringing Goods Forbidden

(b) Any goods marked or labeled in contravention of the provisions of this section shall not be imported into the United States or admitted to entry at any customhouse of the United States. The owner, importer, or consignee of goods refused entry at any customhouse under this section may have any recourse by protest or appeal that is given under the customs revenue laws or may have the remedy given by this Act in cases involving goods refused entry or seized.

TITLE IX—INTERNATIONAL CONVENTIONS

Register of Marks Communicated by International Bureaus

SEC. 44 *(15 U.S.C. 1126).* (a) The Commissioner shall keep a register of all marks communicated to him by the international bureaus provided for by the conventions for the protection of industrial property, trademarks, trade and commercial names, and the repression of unfair competition to which the United States is or may become a party, and upon the payment of the fees required by such conventions and the fees required in this Act may place the marks so communicated upon such register. This register shall show a facsimile of the mark or trade or commercial name; the name, citizenship, and address of the registrant; the number, date, and place of the first registration of the mark, including the dates on which application for such registration was filed and granted and the term of such registration; a list of goods or services to which the mark is applied as shown by the registration in the country of origin, and such other data as may be useful concerning the mark. This register shall be a continuation of the register provided in section 1(a) of the Act of March 19, 1920.

NOTE: The United States is not at present a party to the parts of the international conventions providing for international bureaus for the registration or communication of trademarks.

Benefits of Act Available to Foreign Nationals Pursuant to Treaty Obligations

(b) Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this Act.

o *Prior Registration of Mark Required in Country of Origin Unless Use in Commerce Alleged*

(c) No registration of a mark in the United States by a person described in subsection (b) of this section shall

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NOTES: Internatinal Convention for the Protection of Industrial Property of 1883 (Paris); revised at Washington in 1911, 204 O.G. 1011, July 21, 1914 (37 Stat. 1645; Treaty Series 579); at the Hague in 1925, 407 O.G. 298, June 9, 1981 (47 Stat. 1789; Treaty Series 834; 2 Bevans 524); at London in 1934, 613 O.G. 23, August 3, 1948 (53 Stat. 1748; Treaty Series 941; 3 Bevans 223); at Lisbon in 1958; 775 O.G. 321, February 13, 1962 (53 Stat. 1748; 13 U.S.T. 1; TLAS 9431); and at Stockholm July 14, 1967(852 O.G. 511, July 16, 1968 (21 U.S.T. 1583; TIAS 6923). A list of the member countries together with an indication of the latest Act by which each country is bound and the date from which each is considered to be bound appears annually (January issue) in "Industrial Property," a monthly review of the World Intellectual Property Organization (WIPO), Geneva, Switzerland.

General Inter-American Convention for Trade-Mark and Commercial Protection (Pan-American Trade-Mark Convention) of 1929, 46 Stat. 2907; Pan-American Trade-Mark Convention of 1923, 44 Stat. 2494; Pan-American Trade-Mark Convention of 1910, 89 Stat. 1675.

List of the States which are parties to the above conventions may be found in "Treaties in Force," a list of treaties and other international agreements in force on the first day of January of each year, compiled annually by the Office of the Legal Adviser, U.S. Department of State.

be granted until such mark has been registered in the country of origin of the applicant, unless the applicant alleges use in commerce.

For the purposes of this section, the country of origin of the applicant is the country in which he has a bona fied and effective industrial or commercial establishment, or if he has not such an establishment the country in which he is domiciled, or if he has not a domicile in any of the countries described in subsection (b) of this section, the country of which he is a national.

Right of Priority Based on Country of Origin Application

(d) An application for registration of a mark under section 1, 3, 4, 28, or 44(e) of this Act filed by a person described in subsection (b) of this section who was previously duly filed an application for registration of the same mark in one of the countries described in subsection (b) shall be acocrded the same force and effect as would be accorded to the same application if filed in the United States on the same date on which the application was first filed in such foreign country: *Provided,* That—

(1) the application in the United States is filed wthin six months from the date on which the application was first filed in the foreign country;

(2) the application conforms as nearly as practicable to the requirements of this Act, including a statement that the applicant has a bona fide intention to use the mark in commerce;

(3) the rights acquired by third parties before the date of the filing of the first application in the foreign country shall in no way be affected by a registration obtained on an application filed under this subsection (d);

(4) nothing in this subsection (d) shall entitle the owner of a registration granted under this section to sue

for acts committed prior to the date on which his mark was registered in this country unless the registration is based on use in commerce.

In like manner and subject to the same conditions and requirements, the right provided in this section may be based uopn a subsequent regularly filed application in the same foreign country, instead of the first filed foreign application: *Provided,* That any foreign application filed prior to such subsequent application has been withdrawn, abandoned, or otherwise disposed of, without having been laid open to public inspection and without leaving any rights outstanding, and has not served, nor thereafter shall serve, as a basis for claiming a right or priority.

Registration of Marks Duly Registered in Country of Origin

(e) A mark duly registered in the country of origin of the foreign applicant may be registered on the principal register if eligible, otherwise on the supplemental register herein provided. The application therefor shall be accompanied by a certification or a certified copy of the registration in the country of origin of the applicant. The application must state the applicant's bona fide intention ot use the mark in commerce, but use in commerce shall not be required prior to registration.

NOTE: Section 3 of Public Law 333, 87th Cong., approved October 3, 1961, 75 Stat. 748, the provision which added the last paragraph above provided that "This Act shall take effect on the date when the Convention of Paris for the Protection of Industrial Property of March 20, 1883, as revised at Lisbon October 31, 1958, comes into force with respect to the United States and shall apply only to applications thereafter filed in the United States by persons entitled to the benefit of said convention, as revised at the time of such filing." This provision became effective Jan. 4, 1962.

Registration Independent of Registration in Country of Origin

(f) The rtgistration o fa mark under the provisions of subsections (c), (d), and (e) of this section by a person described in subsection (b) shall be independent of the registration in the country of origin and the duration, validity, or transfer in the United States of such registration shall be governed by the provisions of this Act.

Trade Names or Commercial Names of Foreign Nationals Protected

(g) Trade names or commercial names of persons described in subsection (b) of this section shall be protected without the obligation of filing or registration whether or not they form parts of marks.

Protection of Foreign Nationals from Unfair Competition

(h) Any person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this Act shall be entitled to effective protection against unfair competition, and the remedies provided herein for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

Domestic Citizens and Residents to Have Same Rights as Foreign Nationals

(i) Citizens or residents of the United Sttaes shall have the same benefits as are granted by this section to persons described in subsection (b) of this section.

TITLE X—CONSTRUCTION AND DEFINITIONS

SEC. 45 *(15 U.S.C. 1127).* In the construction of this Act, unless the contrary is plainly apparent from the context—

United States. The United States includes and embraces all territory which is under its jurisdiction and control.

Commerce. The word "commerce" means all commerce which may lawfully be regulated by Congress.

Principal Register; Supplemental Register. The term "principal register" refers to the register provided for by sections 1 through 22 hereof, and the term "supplemental register" refers to the register provided for by sections 23 through 28 hereof.

Person; Juristic Person. The term "person" and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this Act includes a juristic person as well as a natural person. The term "juristic person" includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.

Applicant; Registrant. The terms "applicant" and "registrant" embrace the legal representatives, predecessors, successors and assigns of such applicant or registrant.

Commissioner. The term "Commissioner" means the Commisisoner of Patents and Trademarks.

Related Company. The term "related company" means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.

Trade Name; Commercial Name. The terms "trade nuame" and "commercial name" mean any name used by a person to identify his or her business or vocation.

Trademark. The term "trademark" includes any word, name, symbol, or device, or any combination thereof—

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act,

to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

Service Mark. The term "service mark" means any wrod, name, symbol, or device, or any combination thereof—

(1) user by a person, or

(2) which a person has a bona fide intention to use in commerce and aypplies to register on the principal register established by this Act,

to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown. Titles, character names and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.

Certification Mark. The term "certification mark" means any word, name, symbol, or device, or any combination thereof—

(1) used by a person other than its owner, or

(2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this Act,

to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.

Collecitve Mark. The term "collective mark" means a trademark or service mark—

(1) used by the members of a cooperative, an association, or other collective group or organization, or

(2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this Act,

and includes marks indicating membership in a union, an association, or other organization.

Mark. The term "mark" includes any trademark, service mark, collective mark, or certification mark.

Use in Commerce. The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce—

(1) on goods when—

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendred in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

Abandonment. A mark shall be deemed to be "abandoned" when either of the following occurs:

(1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for two consecutive years shall be prima facie evidence of abandonment. "Use" of a mark means the bona fide use of that mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on ar in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.

Colorable Imitation. The term "colorable imitation" includes any mark which sod resembles a registered mark as to be likely to cause confusion or mistake or to deceive.

Registered Mark. The term "registered mark" means a mark registered in the United States Patent and Trademark Office under this Act or under the Act of March 3, 1881, or the Act of February 20, 1905, or the Act of March 19, 1920. The phrase "marks registered in the Patent and Trademark Office" means registered marks.

Prior Acts. The term "Act of March 3, 1881," "Act of February 20, 1905," or "Act of March 19, 1920," means the respective Act as amended.

Counterfeit. A "counterfeit" is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.

Singular and Plural. Words used in the singular include the plural and vice versa.

Intent of Act. The intent of this Act is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such

commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

TITLE XI—REPEAL OF PREVIOUS ACTS

Effective Date and Previous Acts Repealed

SEC. 46 *(15 U.S.C. 1051 note).* (a) This Act shall be in force and take effect one year from its enactment, but except as otherwise herein specifically provided shall not affect any suit, proceeding, or appeal then pending. All Acts and parts of Acts inconsistent herewith are hereby repealed effective one year from the enactment hereof, including the following Acts insofar as they are inconsistent herewith: The Act of Congress approved March 3, 1881, entitled "An Act to authorize the registration of trademarks and protect the same"; the Act approved August 5, 1882, entitled "An Act relating to the registration of trademarks"; the Act of February 20, 1905 (U.S.C., title 15, secs. 81 to 109, inclusive), entitled "An Act to authorize the registration of trademarks used in commerce with foreign nations or among the several States or with Indian tribes, and to protect the same", and the amendments thereto by the Acts of May 4, 1906 (U.S.C., title 15 secs. 131 and 132; 34 Stat. 169), March 2, 1907 (84 Stat. 1251, 1252), February 18, 1909 (35 Stat. 627, 628), February 18, 1911 (36 Stat. 918), January 8, 1913 (87 Stat. 649), June 7, 1924 (48 Stat. 647), March 4, 1925 (48 Stat. 1268, 1269), April 11, 1930 (46 Stat. 155), June 10, 1938 (Public, Numbered 586, Seventy-fifth Congress, ch. 332, third session); the Act of March 19, 1920 (U.S.C., title 15, secs. 121 to

128, inclusive), entitled "An Act to give effect to certain provisions of the convention for the protection of trademarks and commercial names and signed in the city of Buenos Aires, in the Argentine Republic, August 20, 1910, and for other purposes", and the amendments thereto, including the Act of Junce 10, 1988 (Public, Numbered 586, Seventy-fifth Congress, ch. 382, third session); *Provided,* That this repeal shall not affect the validity of registrations granted or applied for under any of said Acts prior to the effective date of this Act, or rights or remedies thereunder except as provded in sections 8, 12, 14, 15, and 47 of this Act; but nothing contained in this Act shall be construed as limiting, restricting, modifying, or repealing any statute in force on the effective date of this Act, which does not relate to trademarks, or as restricting or increasing the authority of any Federal department or regulatory agency except as may be specifically provided in this Act.

Existing Registrations under Previous Acts

Acts of 1881 and 1905.(b). Registrations now existing under the Act of March 3, 1881, or the Act of February 20, 1905, shall continue in full force and effect for the unexpired terms thereof and may be renewed under the provisions of section 9 of this Act. Such registration and the renewals thereof shall be subject to and shall be entitled to the benefits of the provisions of this Act to the same extent and with the same force and effect as though registered on the principal, register established by this Act except as limited in sections 8, 12, 14 and 15 of this Act. Marks registered under the "10-year proviso" of section 5 of the Act of February 20, 1905, as amended, shall be deemed to have become distinctive of the registrant's goods in commerce under paragraph (f) of section 2 of this Act and may be renewed under section 9 hereof as marks coming within said paragraph.

Act of 1920. Registrations now existing under the Act of March 19, 1920, shall expire six months after the effective date of this Act, or twenty years from the date of their registrations, whichever date is later. Such registrations shall be subject to and entitled to the benefits of the provisions of this Act relating to marks registered on the supplemental register established by this Act, and may not be renewed unless renewal is required to support foreign registrations. In that event renewal may be effected on the supplemental register under the provisions of section 9 of this Act.

Eligibility for Registration under this Act. Marks registered under previous Acts may, if eligible, also be registered under this Act.

Applications Penling on Effective Date of Act

Sec. 47 *(15 U.S.C. 1051 note).* (a) All applications for registration pending in the Patent and Trademark Office at the effective date of this Act may be amended, if practicable, to bring them under the previsions of this Act. The prosectuion of such applications so amended and the grant of registrations thereon shall be proceeded with in accordance with the provisions of this Act. If such amendments are not made, the prosecution of said applications shall be proceeded with and registrations theron granted in accordance with the Acst under which said applications were filued, and said Acts are hereby continued in force to this extent for this purpose only, notwithstanding the foregoing general repeal thereof.

Appeals Pending on Effective Date of Act

(b) In any case in which an appeal is pending before the United States Court of Claims of Customs and Patent Appeals or any United States Circuit Court of Appeals or the United States Court of Appeals for the District of Columbia or the United States Supreme Court at the

effective date of this Act, the court, if it be of he opinion that the provisions of this Act are applicable to the subject matter of the appeal, may apply such provision or may remand the case to the Commissioner or to the district court for the taking of additional evidence or a new trial or for reconsideration of the decision on the record as made, as the appellate court may deem proper.

Prior Acts not Repealed

SEC. 48 *(15 U.S.C. 1051 note).* Section 4 of the Act of January 5, 1905 (U.S.C., title 36, sec. 4), as amended, entitled "An Act to incorporate the National Red Cross", and section 7 of the Act of June 15, 1916 (U.S.C., title 36, sec. 27), entitled "An Act to incorporate the Boy Scouts of America, and for other purposes", and the Act of June 20, 1936 (U.S.C., title 22, sec. 248), entitled "An Act to prohibit the commercial use of the coat of arms of the Swiss Confederation", are not repealed or affected by this Act.

Preservation of Existing Rights

SEC. 49 *(15 U.S.C. 1051 note).* Nothing herein shall adversely affect the rights or the enforcement of rights in marks acquired in good faith prior to the effective date of this Act.

Severability

SEC. 50 *(15 U.S.C. 1051 note).* If any provision of this Act or the application of such provision to any person or circumstance is held invalid, the remainder of the Act shall not be affected thereby.

NOTE: The first and third of the laws referred to in this section have been repealed and replaced by sections 706 and 708, respectively, of U.S.C., Title 18, Crimes and Criminal Procedure, enacted June 25, 1948, effective September 1, 1948.

Applications Pending on Effective Date of the Trademark Law Reviison Act of 1988

SEC. 51 *(15 U.S.C. 1058 note).* All certificates of registradition based upon applications for registration pending in the Patent and Trademark Office on the effective date of the Trademark Law Revision Act of 1988 shall remain in force for a period of 10 years.

APPENDIX F

TRADEMARK LAW REVISION ACT OF 1988— SATELLITE HOME VIEWER ACT OF 1988

P.L. 100-667, see page 102 Stat. 3935

DATES OF CONSIDERATION AND PASSAGE

House: October 19, 1988
Senate: May 13, October 20, 1988

House Report (Judiciary Committee) No. 100-1028, Oct. 3, 1988 [To accompany H.R. 5372]

Senate Report (Judiciary Committee) No. 100-515, May 12, 1988 [To accompany S. 1883]

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RELATED REPORTS

House Report (Judiciary Committee) No. 100-887(I), Aug. 18, 1988 [To accompany H.R. 2848]

House Report (Energy and Commerce Committee) No. 100-887(II), Sept. 29, 1988 [To accompany H.R. 2848]

The Senate bill was passed in lieu of the House bill. The Senate Report is set out below and Related Report (parts I, page 5611, and 11, page 5638) follows.

SENATE REPORT NO. 100-515

[page 1]

The Committee on the Judiciary, to which was referred the bill (S. 1883), having considered the same, reports favorably thereon with an amendment in the nature of a substitute, and recommends that the bill, as amended, do pass.

* * * *

I. PURPOSE

The purpose of the Trademark Law Revision Act of 1988 is to bring the trademark law up-to-date with present day business practices, to increase the value of the federal trademark registration system for U.S. companies, to remove the current preference for foreign companies applying to register trademarks in the United States and to improve the law's protection of the public from counterfeiting, confusion, and deception.

LEGISLATIVE HISTORY
SENATE REPORT NO. 100-515

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II. LEGISLATIVE HISTORY

A. The Lanham Act Years

The first federal trademark act was passed in 1870, and subsequent acts were passed in 1881, 1905, 1920, and 1946. Before the 1946 Lanham Act, the trademark system and relevant decisional law were largely undeveloped. Today the Lanham Act is the paramount source of trademark law in the United States. S. 1883 represents the first overall revision of the Lanham Act.

For the act's first 30 years, there was only one substantive change made in the law. In 1962, Congress approved H.R. 4333, which made a number of corrections in the Act and also changed the basic infringement provision, Section 32(1)(a).

In more recent times, court decisions have often prompted Lanham Act amendments. In 1975, Congress responded to the Supreme Court decision in *Fleishmann Distillery Corp.* v. *Maier Brewing Co.*, 386 U.S. 714 (1967), which held that the Act did not authorize an award of attorney's fees to the prevailing party in an infringement action. Aligning the trademark law with the patent and copyright statutes, Congress passed H.R. 8981

and changed Section 35 to allow the award of fees in "exceptional" cases.

In 1984, Congress passed the Trademark Clarification Act of 1984 to nullify the effect of *Anti-Monopoly, Inc.* v. *General Mills Fun Group, Inc.*, 611 F.2d 296 (9th Cir. 1979). The court had held that in determining whether a trademark was generic, the purchaser's motivation in buying the product was the crucial test. Congress overruled the decision and restored the trademark law's traditional test: Genericness is determined by the primary significance of the term to the purchasing public, and not by purchaser motivation.

The most extensive amendment to the Lanham Act has been the Trademark Counterfeiting Act of 1984. H.R. 6071 established a variety of procedures to allow trademark owners to combat more effectively the growing tide of counterfeiting. The remedies ranged from civil actions, with virtually mandatory awards of treble damages and attorney's fees, to criminal actions, with individual fines up to $250,000 and prison terms up to 5 years, and company fines up to $1 million.

B. Action Preceeding Committee Passage of S. 1883

On November 19, 1987, Senator Dennis DeConcini, Chairman of the Judiciary Committee's Subcommittee on Patents, Copyrights and Trademarks, introduced S. 1883, The Trademark Law Revision Act of 1987. The bill, based on the results of an extensive study conducted by the U.S. Trademark Association's Review Commission, was the product of more than 2 years of analysis, debate and consensus-building by trademark owners, attorneys, and other private sector experts.

Although the 2-year study was conducted under the auspices of the USTA, through its Trademark Review Commission (TRC), it was not limited to the views of the Commission's 29 members. Throughout the process, input from the diverse public and private interests served

by the Lanham Act was sought. Hundreds of trademark owners and practitioners, more than 50 organizations, Government officials in the United States and abroad,

TRADEMARK & SATELLITE ACTS
P.L. 100-667

[page 3]

and eminent scholars in the fields of constitutional, commercial, trademarks and unfair competition law contributed to the project.

The product of the TRC's work, the "Report and Recommendations on the United States Trademark System and the Lanham Act," was issued August 21, 1987, and adopted in its entirety by the USTA Board of Directors. This report served as the basis for the introduction of S. 1883.

On March 15, 1988, Chairman DeConcini convened a hearing of the Subcommittee on Patents, Copyrights and Trademarks on S. 1883. The first panel consisted on Mr. Robert J. Eck, president of the USTA. Mr. Eck was accompanied by Dolores K. Hanna, chairman of the TRC, and Jerome Gilson, reported for the TRC.

The second panel represented trademark owners and consisted of Mr. Ronald R. Kranzow, vice president and legal counsel for Frito-Lay Inc.; Mrs. Debra J. Fields, president of Mrs. Fields Inc.; Mr. C. DeForrest Trexler, deputy general counsel for Mack Trucks Inc.; and Mr. Herbert A. Hedden, assistant director for government relations for International Franchise Association.

The third panel represented trademark practitioners and consisted of Mr. Michael A. Grow of Ward, Lazarus & Grow; Mr. Beverly W. Pattishall of Pattishall, MacAuliffe, Newbury, Hilliard & Geralson; Mr. John K. Uilkema, chairman of the patent, trademark and copyright section of the American Bar Association; and Mr. Joseph A. DeGrandi, president of American Intellectual Property Law Association.

In addition to receiving oral testimony from these witnesses—who overwhelmingly supported the legislation—the subcommittee received many written statements which also strongly supported S. 1883. These included statements from the Department of Commerce, the National Federation of Independent Business, the National Association of Realtors, the National Association of Manufacturers, the Pharmaceutical Manufacturers Association, and the Intellectual Property Owners Inc.

After the March 15 hearing, numerous meetings were held with staff members, administration representatives and outside groups that were interested in the legislation. A substitute amendment was drafted to incorporate the recommendations that evolved from those meetings. It reflected extensive discussions with and recommendations of the U.S. Patent and Trademark Office, as well as Judiciary Committee members and staff. In addition to making technical changes suggested by the Trademark Office and the USTA, the substitute amendment made several substantive changes to S. 1883.

* * * *

SECTIONS 31-33

As written, the remedy sections of the Lanham Act, sections 34 (15 U.S.C. 1116), 35 (15 U.S.C. 1117) and 36 (15 U.S.C. 1118), apply only to violations of a registered trademark and do not specifically extend to violations of section 43(a) of the Act that do not involve a registered mark. However, with the expansion of Section 43(a) to cover types of unfair competition that were not envisioned when the Lanham Act was enacted in 1946, the courts with increased frequency are disregarding this limitation.

For example, the second, sixth, eighth, ninth and eleventh circuits have held that, with respect to the award of monetary relief, section 35(a) of the Act applies to cases brought under section 43(a) which do not involve

registered marks. *Centaur Communications, Limited* v. *A/S/M Communications, Inc.*, 830 F.2d 1217, 1229, 4 USPQ2d 1541, 1550-51 (2d Cir. 1987); *WSM, Inc.* v. *Wheeler Media Servs., Inc.*, 810, F.2d 113, 116, 1 USPQ2d 1641, 1643 (6th Cir. 1987); *U-Haul International, Inc.* v. *Jartran, Inc.*, 793 F.2d 1034, 1041-42, 230 USPQ 343, 348-49 (9th Cir. 1986); *Transgo, Inc.* v. *Ajac Transmission Parts Corp.*, 768 F.2d 1001, 227 USPQ 598 (9th Cir. 1985) *cert. denied*, 106 S.CT 802 (1986); *Rickard* v. *Auto Publishers, Inc.*, 735 F.2d 450, 453-58, 222 USPQ 808, 810-815 (11th Cir. 1984); *Metric and Multi-Standard Components Corp.* v. *Metric's Inc.*, 635 F.2d 710, 715, 209 USPQ 97, 102 (8th Cir. 1980). In the most recent of these decisions, *Centaur Communications*, the Second Circuit forcefully stated:

> A number of other circuits have decided that section 35 extends to section 43(a) actions, despite the apparent limitations in its language. * * * We think the Eleventh Circuit's extended discussion of this question in *Rickard* is compelling. After a thorough exploration of the legislative history and the general purpose of the Lanham Act, *Rickard* concluded that Congress could not have intended to limit the relief afforded by section 35 only to cases involving registered trademarks. * * * Consequently, we hold, as have the majority of the circuits that have considered the question, that section 35 applies to section 43(a).

By contrast, other circuits have expressed doubts that attorneys fees are available under Section 35(a) in actions brought under Section 43(a) which do not involve registered marks. *Blau Plumbing, Inc.* v. *S.O.S. Fix-it, Inc.*,

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781 F.2d 604, 228 USPQ 519 (7th Cir. 1986); *Standard Terry Mills, Inc.* v. *Shen Mfg. Co.*, 803 F.2d 778, 782, 231 USPQ 555, 559 (3d Cir. 1986).

To remove any uncertainty and inconsistency, the legislation amends the remedies sections of the Lanham Act to provide that injunctive relief, profits, damages and costs, as well as destruction orders, do not require ownership of a registration. Specifically, Sections 31(1), 32 and 33 of the bill amend respectively Sections 34(a), 35(a) and 36 of the Act, respectively, to replace the references to rights "of the registrant of a mark registered in the Patent and Trademark Office" with references to rights "protected under this Act."

Section 31(1) also adds language to Section 34(a) of the Act to provide that an intent-to-use applicant relying on constructive use under Section 7(c) is not entitled to injunctive relief until its mark is registered. This amendment is discussed in the analysis of Section 18(3) of the bill. Section 31(2) of the legislation amends Section 34(c) of the Lanham Act to relieve court clerks of the need to give notice to the Commissioner of cases involving unregistered marks and to update certain language of the section. Section 33(2)'s replacement of the reference to "registered marks" with the word "mark" in Section 35 of the Act is a conforming amendment.

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APPENDIX G

Trademark Review Commission Report and Recommendations

THE TRADEMARK REPORTER ®

THE UNITED STATES TRADEMARK ASSOCIATION TRADEMARK REVIEW COMMISSION REPORT AND RECOMMENDATIONS TO USTA PRESIDENT AND BOARD OF DIRECTORS *

I. INTRODUCTION

A. *Summary*

The Trademark Review Commission of The United States Trademark Association, contemporaneously with the forty-first anniversary of the Lanham Act,[1] presents its final Report and Recommendations. The Report is the product of two years of Committee review, analysis, and debate of the policies and components of the trademark system.

We urge the President and Board of Directors to approve our Report and to initiate proposed legislation. In doing so USTA would continue its long history of contributions to the legislative process, and further activate its leadership role in the betterment of the trademark system of the United States.

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* This Report and Recommendations was submitted to USTA President and Board of Directors on August 21, 1987 for their consideration at the September 13, 1987 Board of Directors meeting. The Board adopted this Report in its entirety.

[1] The statute was enacted on July 5, 1946, to become effective one year later. Section 79-489, Chapter 540; 60 Stat. 427; 15 USC §§ 1051-1127.

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B. Previous Review

We are not aware of any other comprehensive review of the trademark system in the last quarter century. The effort most nearly approximating that of the Commission began in 1948. Representatives of USTA and some twenty-five other legal and trade organizations concerned with trademarks were formed into a committee to study the new Act and recommend changes. The study culminated in a series of bills which never became law, in 1951 (S. ——), 1953 (S. 2540), 1955 (S. 215), and 1959 (S. 2429). In 1962, after the approval and support of USTA, Congress finally enacted S. 4333, correcting typographical errors, clarifying certain sections and effecting desirable changes in both substance and provision. Subsequent amendments to the Act, however, resulted not in an overall review of the type the Commission undertook, but with specific needs.

* * * *

In the view of the Commission, equitable defenses (such as laches, estoppel, acquiescence, and unclean hands) should be available as against an incontestable registration under the present provisions of Sections 34 and 35. These sections provide that courts have the power to grant injunctions "according to the principles of equity" and the power to award profits and damages "subject to the principles of equity." However, the courts are divided on the question of whether these defenses, because they are not enumerated under Section 33(b), are foreclosed in an action brought on an incontestable registration.[57]

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[57] Compare, eg, United States Jaycees v. Chicago Junior Assn. of Commerce and Industry, 505 F Supp 998, 1001, 212 USPQ 708, 711 (ND Ill 1981), with Cuban Cigar Brands N.V. v. Upmann International, Inc., 457 F Supp 1090, 1101, 199 USPQ 193, 202 (SDNY 1978), affd w/o pub opin 607 F2d 999 (CA 2 1979). See Note, Incontestable Trademark Rights and Equitable Defenses in

The Supreme Court in the 1985 Park 'N Fly decision expressly declined to address the question.

The question was expressly discussed in Hearings in 1941, but the discussions were inconclusive. Mr. Robertson observed that the Section 19 provision for equitable principles applying to "inter partes proceedings" applied only to cases in the PTO. On the other hand, Mr. Rogers felt that expressly extending equitable defenses to court actions involving incontestable registrations was "quite unnecessary," and "that it might very well be left to the courts." [68]

The Commission recommends that this uncertainty be ended. We propose expressly allowing equitable defenses in such actions. The courts in trademark cases have both inherent equitable power and the express power under Section 34 to grant injunctions "according to the principles of equity." Equity is the cornerstone of trademark jurisprudence. Trademark owners seek injunctions in virtually every trademark case, and they depend heavily on equitable remedies to protect their interests. Equitable defenses are as much a part of the injunctive process as irreparable harm and the inadequacy of legal remedies.[69] Without them the owner of an incontestable registration

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Infringement Litigation, 66 Minnesota Law Review 1067 (July 1982), reprinted 75 TMR 153 (1985).

The Eighth Circuit recently emphasized that such defenses are available in an action based on an incontestable registration: "We do not believe that the limitations in § 1115(b) relating to the validity or ownership of a mark also limit the discretion of the court to give equitable relief appropriate to the circumstances of each case. To do so would indeed make injunctive relief a ministerial act . . . and wipe away the discretion which is inherent in the equitable power." United States Jaycees v. Cedar Rapids Jaycees, 794 F2d 379, 382, 230 USPQ 340, 342 (CA 8 1985).

[68] See transcript of 1941 Hearing at 4 J. Gilson, Trademark Protection and Practice, § 33, 33-50 to -51 (1986).

[69] See Beacon Theatres, Inc. v. Westover, 359 US 500, 506-07, 79 S Ct 948, 3 L Ed 933 (1989).

would be able to delay bringing an action for many years with no excuse, while a defendant builds up his business under his mark, and prevail. This potentially harsh and unjust result, which would not occur with a contestable registration since equitable defenses are expressly preserved in Section 33(a), is unwarranted.